

Email correspondence

Emissions Trading Team
BEIS ETID Briefings and Information Coordination Team
Thursday, October 31, 2019

Subject: EU ETS: Article 50 Extension update – Accounts administered by the UK in the EU ETS Union Registry

Dear stakeholder,

Today the Government has issued the below comms to all EU ETS account holders via the EU ETS regulators in the UK:

Article 50 Extension Update – Accounts administered by the UK in the EU ETS Union Registry

Context

We are writing to you as an organisation/individual with an account administered within the UK section of the Consolidated System of European Registries, which also includes the UK's Kyoto Protocol National Registry.

As you will be aware, the UK and EU have agreed a 'flexextension' of Article 50 up until 31st January 2020, with the possibility of an earlier exit if the Withdrawal Agreement is agreed in Parliament and ratified by both Parties. This note provides an update on your participation in the EU ETS, and any possible ongoing monitoring, reporting and verification obligations and the Carbon Emissions Tax. It also updates on accounts administered by the UK in the EU ETS Union Registry, and accounts in the UK's Kyoto Protocol National Registry.

EU Emissions Trading System

As a result of the Article 50 extension, the UK continues to be a party to the EU ETS and operators should therefore continue to comply with EU ETS regulations. Operators will continue to have access to their registry accounts and are able to buy, sell and trade EU ETS and Kyoto Protocol allowances.

The suspension on the UK's ability to auction allowances, allocate allowances for free to operators, or exchange international credits for allowances from 1 January 2019 continues to apply. In line with this, the UK Government will not issue any allowances unless and until the suspension is lifted. This includes 2019 free allowances and any allowances relating to historic scheme years.

The UK Government is engaging with the European Commission regarding the implications of the extension to Article 50 for the UK's ETS compliance and to confirm if the Commission's no deal contingency measures will remain in place. We anticipate the Commission will provide confirmation on this in due course.

If a Withdrawal Agreement is ratified between 1 November 2019 and 31 January 2020, UK operators would be legally required to comply with EU ETS regulations for 2019 and for the rest of the Implementation Period including full compliance in April 2020. EU legislation has already been implemented that will lift the suspension on processes relating to the UK registry on the day following deposition of a ratified Withdrawal Agreement. In this scenario, the UK Government's intention would be to commence the issuing of allowances as soon as possible. Further communications would follow regarding 2019 free allocation and the schedule of auctions for the remainder of the 2019 compliance year.

Carbon Emissions Tax

The Carbon Emissions Tax (CET) was announced at Budget 2018 as a contingency measure in the event of a no deal exit from the EU, to help meet the UK's legally binding greenhouse gas reduction commitments under the Climate Change Act 2008.

The CET will not be commenced on 4 November and participating installations are therefore not now required to undertake meter and other readings in November for the beginning of a new emissions reporting period (including taking account of opening balance(s) of fuel stocks).

In the event that the UK withdraws from the EU without a deal on 31 January, the CET would be commenced from 4 February 2020. Further information about the 2020 CET rate will be announced as soon as possible.

More information

Enquiries regarding the EU ETS can be directed to eu.ets@beis.gov.uk.

Enquiries regarding the UK's Kyoto Protocol National Registry can be directed to etregistryhelp@environment-agency.gov.uk.

BEIS Emissions Trading