

From: BEIS ETID Briefings and Information Coordination Team - BIC
Sent: Thursday, September 26, 2019 9:39 AM
To: BEIS ETID Briefings and Information Coordination Team - BIC
Subject: Stakeholder Alert - Preparing for Brexit: EU ETS

Dear Stakeholder,

The Prime Minister has been clear that the UK will be leaving the EU on 31 October. If it is not possible to reach a deal with the EU Commission we will have to leave with no deal. The Government is committed to preparing for this outcome.

If the UK leaves the EU on 31 October without a deal, then the UK will cease to be part of the EU Emissions Trading System (ETS). This means there will be no EU ETS allowance surrender requirement for the 2019 compliance year onwards for UK installations and flights within the UK and between the UK and the EEA.

The UK would be excluded from participating in the EU Emissions Trading System (EU ETS) in a 'no deal' scenario. However, emission monitoring and reporting requirements for 2019 and beyond would continue, allowing the UK to monitor progress towards its ambitious 2050 net zero target. In addition, a Carbon Emissions Tax would be introduced on emissions of carbon dioxide (and other greenhouse gases on a carbon equivalent basis) from UK stationary installations (i.e. excluding the aviation sector) from 4 November 2019.

The tax rate for 2019 would be £16 per tonne. The tax rate for 2020 would be announced at Budget 2019. The arrangements for carbon pricing after 2020 will be announced in due course.

Introducing the Carbon Emissions Tax does not pre-judge any decision on the UK's carbon pricing system in the long term.

Notices are available on Gov.uk providing advice on leaving the EU ETS and setting out the carbon pricing policy post-Brexit:

- [Meeting climate change requirements if there's no Brexit deal](#)
- [Carbon Emissions Tax technical note](#)

Webinar on carbon pricing and no deal

Officials from the Department for Business, Energy and Industrial Strategy (BEIS), HM Treasury, and HM Revenue & Customs will host a [British Library WebEx seminar concerning carbon pricing policy in the event of no deal](#) on 9 October 2019. Topics covered will include the implications for UK businesses of leaving the EU Emissions Trading System, emissions monitoring and reporting requirements in 2019 and 2020, and compliance with the Carbon Emissions Tax. There will be the opportunity to ask questions. More details on the Webinar, including information on how to book onto the event, will be uploaded to [this webpage](#) shortly.

Recommended Stakeholder Actions

Preparation for the Carbon Emissions Tax

- Stationary installations holding a greenhouse gas emissions permit or an excluded installations emissions permit are advised to keep checking the site [for Meeting climate change requirements if there's no Brexit deal](#) for updates on the practical preparations they must make

before the Carbon Emissions Tax commences on 4 November 2019 in the event the UK leaves the EU on 31 October without a deal.

- In particular, operators are advised to note emissions Monitoring and Reporting requirements as set out in the [Carbon Emissions Tax technical note](#), which would vary for the first reporting period under the tax. Installation permit holders would be required to submit the usual verified annual emissions report covering the 12 months of 2019 by 31 March 2020. This data would not be used for the tax. Installation permit holders would then be required to submit a single verified emissions report by 31 March 2021 which would include two emission statements covering: (i) 4 November 2019 to 31 December 2019; and (ii) 1 January 2020 to 31 December 2020.
- At the beginning of this emissions reporting period for tax purposes, installation permit holders would need to undertake usual processes to establish a baseline from 4 November 2019 so that emissions during the first reporting period under the tax could be accurately reported.

All UK Registry EU ETS Account Holders (including Kyoto Protocol National Registry)

- Plan for a loss of registry access as of the withdrawal date in a no-deal scenario, and consider taking action to manage the risks this may create. Operators wishing to retain access to their allowances after the withdrawal date should consider opening an account in another member state's registry for this purpose
- Kyoto Protocol Registry users should download their UK account history to retain for audit purposes.

Getting ready for Brexit webinars and events

- [HMRC webinars](#): These webinars provide an overview for UK businesses involved in the movement of goods between the EU and the UK.
- [Brexit Business Readiness Events](#): A series of events across the country offering the opportunity to meet government advisers and to find out what actions businesses need to take to prepare for Brexit.

BEIS Emissions Trading Team