

SL(6)373 – The Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2023

Background and Purpose

The UK Emissions Trading Scheme (“ETS”) was established by the Greenhouse Gas Emissions Trading Scheme Order 2020 (“the principal Order”) as a UK-wide greenhouse gas emissions trading scheme to encourage cost-effective emissions reductions from the power, industry and aviation sectors. It was designed jointly by the Governments of the UK, Scotland, Wales and the Northern Ireland Executive. It contributes to the UK’s emissions reduction targets and net zero goal, as well as the emissions reduction pathway in Wales.

The principal Order set up the UK ETS to be operational from 1 January 2021 and to run for ten scheme years. The scheme works by requiring operators of energy intensive industrial installations, power generators, and aircraft operators to monitor, report on, and surrender “allowances” equivalent to their greenhouse gas emissions in each scheme year. Some participants receive an allocation of allowances free of charge, details of which are published in allocation tables.

This Order contains a series of technical amendments that seek to regularise the operation of the UK ETS. The Explanatory Memorandum provides that the main changes made by this Order are intended to:

- Respond to impacts on the scheme operation brought about by the Covid-19 pandemic;
- Strengthen the existing provisions to help improve the effectiveness of the scheme while making it more flexible for participants; and
- Clarify the existing legislation to improve certainty and consistency for scheme participants and regulators.

Procedure

Negative.

This Order in Council was made by His Majesty before it was laid before the Senedd, the UK Parliament, the Scottish Parliament and the Northern Ireland Assembly on 21 July 2023. Any one of those legislatures may annul the Order, in accordance with the negative resolution procedures that apply in those legislatures.



Technical Scrutiny

The following point is identified for reporting under Standing Order 21.2 in respect of this instrument:

1. Standing Order 21.2(ix) – that it is not made or to be made in both English and Welsh

We note that the Order in Council was made by His Majesty and was laid before each of the four legislatures in the United Kingdom, and is therefore in English only.

Merits Scrutiny

No points are identified for reporting under Standing Order 21.3 in respect of this instrument.

Welsh Government response

A Welsh Government response is not required.

Committee Consideration

The Committee considered the instrument at its meeting on 11 September 2023 and reports to the Senedd in line with the reporting point above.

