

SL(6)286 – The Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 2) Order 2022

Background and Purpose

The UK Emissions Trading Scheme (“ETS”) was established by the Greenhouse Gas Emissions Trading Scheme Order 2020 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 four governments in the United Kingdom. It contributes to the UK’s emissions reduction targets and net zero goal, as well as the emissions reduction pathway in Wales.

Earlier in 2022, the UK ETS Authority consulted on “Developing the UK Emissions Trading Scheme (UK ETS)” which contained a number of proposed amendments considered necessary to address technical and operational needs identified during the first year of operation of the UK ETS. These need to be implemented ahead of the 2023 scheme year.

The Explanatory Memorandum states that:

“The current amendments cover technical detail that will help strengthen the functioning of the ETS, while also affording increased transparency of the working of the scheme, to the benefit of both participants and general public.”

The current amendments:

- Respond to impacts on the scheme caused by the Covid-19 pandemic (in particular, by allowing the omission of 2020 Covid year data when calculating activity level changes, for those operators who can demonstrate significant discrepancies in activity caused by the Covid pandemic).
- Strengthen the existing provisions to help improve the effectiveness of the scheme while making it more flexible for participants (for example, by strengthening the evidence base that underpins applications for free allowances by certain industrial operators).
- Regularise the publication of information from the scheme registry to improve transparency.

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 16 November 2022.



Senedd Cymru
Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad
—
Welsh Parliament
Legislation, Justice and Constitution Committee

Any one of those legislatures may annul the Order, in accordance with the negative resolution procedures that apply in those legislatures.

Technical Scrutiny

One 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 5 December 2022 and reports to the Senedd in line with the reporting point above.

