

SL(6)539 – The Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 2) Order 2024

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.

In 2022, the Authority consulted on “Developing the UK Emissions Trading Scheme (UK ETS)”. The Authority Response to the consultation contained several time-critical commitments which were implemented through the Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 3) Order 2022 and The Greenhouse Gas Emissions Trading Scheme (Amendment) (No. 2) Order 2023 (both GB-only) and through the UK Government legislated Greenhouse Gas Emissions Trading Scheme Auctioning (Amendment) Regulations 2023. These were temporary solutions required due to the absence of a sitting Northern Ireland Assembly.

The proposed amendments to be made by this Order now incorporate these into the ETS legislation on a 4-nation basis. The amendments made by the Order also include similar commitments to expand the coverage of emissions and improvements to the enforcement provisions of the scheme.

This Order expands and amends the ETS in the following ways:

- It expands the scope of the scheme to include process emissions from CO₂ venting from the upstream oil and gas sector;
- It introduces a new enforcement notice called a deficit notice and introduces a new civil penalty as well as changing existing civil penalties to ensure consistency;
- It expands the scope of the UK ETS aviation activity to include flights from Northern Ireland to Switzerland; and
- It extends the Greenhouse Gases ETS to Northern Ireland.

Procedure

Draft Affirmative.

A draft of the Order has been laid before Senedd Cymru, the United Kingdom Parliament, the Northern Ireland Assembly and the Scottish Parliament. The draft must be approved by each of those legislatures before it can be made by His Majesty.



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 draft Order in Council was laid by His Majesty 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 November 2024 and reports to the Senedd in line with the reporting point above.

