
STATUTORY INSTRUMENTS

2023 No. 994

CLIMATE CHANGE

**The Greenhouse Gas Emissions Trading Scheme
Auctioning (Amendment) Regulations 2023**

Made - - - - 12th September 2023
Laid before the House of
Commons - - - - 13th September 2023
Coming into force in accordance with regulation 1(2)
and (3)

The Treasury make these Regulations in exercise of the powers conferred by section 96 of the Finance Act 2020⁽¹⁾.

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Greenhouse Gas Emissions Trading Scheme Auctioning (Amendment) Regulations 2023.

(2) Except as provided in paragraph (3), these Regulations come into force on the 21st day after the day on which they are laid before the House of Commons.

(3) Regulation 4(3) comes into force on 1st January 2024.

(4) These Regulations extend to the whole of the United Kingdom.

Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021 amended

2. The Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021⁽²⁾ are amended as follows.

Regulation 9 amended (annual volumes of allowances)

3.—(1) Regulation 9 is amended as follows.

(2) In paragraph (1)—

(a) in the opening words after “+ BF)” insert “+ T”;

(b) for sub-paragraph (a) substitute—

(1) 2020 c. 14.

(2) S.I. 2021/484, amended by S.I. 2021/513, 2021/561 and 2021/917.

- “(a) AC for the calendar year is the base for that year determined in accordance with paragraph (10)(a) multiplied by—
- (i) in the case of a calendar year up to and including 2025, the 2021-2025 hospital and small emitter reduction factor calculated in accordance with article 21(2) of the Trading Scheme Order(3);
- (ii) in the case of a calendar year from 2026 up to and including 2030, the 2026-2030 hospital and small emitter reduction factor calculated in accordance with article 21(3) of the Trading Scheme Order;”;
- (c) in sub-paragraph (b) before ““AFA”” insert “in relation to a calendar year corresponding to a scheme year(4) in the 2021-2025 allocation period.”;
- (d) after sub-paragraph (b) insert—
- “(ba) in relation to any other calendar year, AFA is zero;”;
- (e) for sub-paragraphs (c) to (e) substitute—
- “(c) IC for the calendar year is the number of allowances determined in accordance with paragraph (10)(b);
- (d) RFS for the calendar year is the number of allowances determined in accordance with paragraph (10)(c);
- (e) NER for the calendar year is the number of allowances determined in accordance with paragraph (10)(d);”;
- (f) after sub-paragraph (f) insert—
- “(g) T for the calendar year is the number of allowances determined in accordance with paragraph (10)(e).”.
- (3) In paragraph (9) in the table omit the 5 rows whose first entries are “2026”, “2027”, “2028”, “2029” and “2030”.
- (4) For paragraph (10) substitute—
- “(10) For the purposes of paragraph (1), for a calendar year referred to in column 1 of the following table—
- (a) the base is the number of allowances set out in the corresponding entry in column 2;
- (b) IC is the number of allowances set out in the corresponding entry in column 3;
- (c) RFS is the number of allowances set out in the corresponding entry in column 4;
- (d) NER is the number of allowances set out in the corresponding entry in column 5;
- (e) T is the number of allowances set out in the corresponding entry in column 6.

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>	<i>Column 5</i>	<i>Column 6</i>
<i>Calendar or scheme year</i>	<i>Base</i>	<i>IC</i>	<i>RFS</i>	<i>NER</i>	<i>T</i>
2021	155,671,581	57,856,572	4,098,497	3,024,907	0

- (3) The Greenhouse Gas Emissions Trading Scheme Order 2020 (S.I. 2020/1265, amended by S.I. 2020/1557, S.I. 2021/1455, 2022/454, 2022/1173, 2022/1336 and (with effect from 1st January 2024) 2023/850). “Trading Scheme Order” is defined in regulation 2(1) of S.I. 2021/484.
- (4) “Scheme year” and “2021-2025 allocation period” are defined in in article 4(1) of S.I. 2020/1265. Regulation 2(3) of S.I. 2021/484 provides that terms used in both S.I. 2021/484 and S.I. 2020/1265 and not defined in the former have the same meaning as in the latter.

<i>Column 1</i>	<i>Column 2</i>	<i>Column 3</i>	<i>Column 4</i>	<i>Column 5</i>	<i>Column 6</i>
<i>Calendar or scheme year</i>	<i>Base</i>	<i>IC</i>	<i>RFS</i>	<i>NER</i>	<i>T</i>
2022	151,437,134	56,273,432	4,098,497	3,024,907	0
2023	147,202,686	54,690,292	4,098,497	3,024,907	0
2024	92,062,882	36,825,153	2,255,107	1,664,388	23,316,495
2025	86,742,014	34,696,806	2,255,107	1,664,387	13,323,712
2026	79,059,690	31,623,876	2,255,107	1,664,387	9,992,784
2027	70,127,996	28,051,198	2,255,107	1,664,387	6,661,856
2028	53,498,502	21,399,401	2,255,106	1,664,387	0
2029	50,918,572	20,367,429	2,255,106	1,664,387	0
2030	49,320,164	19,728,066	2,255,106	1,664,387	0 ⁵ .

Regulation 12 amended (cost containment mechanism)

4.—(1) Regulation 12 is amended as follows.

(2) In paragraph (1)(b)—

(a) in paragraph (iv) for “if the industry cap for a scheme year (determined in accordance with Article 16a(6)(a) of the Free Allocation Regulation)” substitute “if, for a scheme year referred to in column 1 of the table in regulation 9(10), the number of allowances set out in the corresponding entry in column 3”;

(b) in paragraph (v) for “40,984,970 allowances (the flexible share)” substitute “28,081,237 allowances”.

(3) After paragraph (1C) insert—

“(1D) For the purposes of paragraph (1)(b)(iv)—

(a) the references in paragraphs (1A) and (1B) to the final annual number of allowances approved under Article 16b of the Free Allocation Regulation⁽⁵⁾ must be read as including, in relation to allowances to be allocated for the 2024 and 2025 scheme years, a reference to any increase added to the amount included in column A of the allocation table under article 34B(3A) of the Trading Scheme Order (free allocation for 2024 and 2025 scheme years: lime and malt extract)⁽⁶⁾;

(b) the reference in paragraph (1B) to an error in an application for free allocation under the Free Allocation Regulation must be read as including a reference to an error in any information provided under article 20(4) of the Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2023⁽⁷⁾;

(c) the reference in paragraph (1B) to the exercise of functions under the Free Allocation Regulation must be read as including a reference to the exercise of functions under article 20 of the Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2023.”.

⁽⁵⁾ EUR 2019/331, amended by [S.I. 2020/1557](#), [2021/1455](#), [2022/1173](#) and (with effect from 1st January 2024) [S.I. 2023/850](#). “Free Allocation Regulation” is defined in article 4(1) of [S.I. 2020/1265](#).

⁽⁶⁾ Article 34B(3A) is inserted by [S.I. 2023/850](#) with effect from 1st January 2024.

⁽⁷⁾ [S.I. 2023/850](#).

Status: This is the original version (as it was originally made). This item of legislation is currently only available in its original format.

12th September 2023

Stuart Anderson
Andrew Stephenson
Two of the Lords Commissioners of His
Majesty's Treasury

EXPLANATORY NOTE

(This note is not part of the Regulations)

The Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021 (the “Auctioning Regulations”) provide for the auctioning of allowances used in the UK Emissions Trading Scheme, which was established by the Greenhouse Gas Emissions Trading Scheme Order 2020.

These Regulations amend the Auctioning Regulations. The number of allowances to be auctioned from 2024 onwards is reduced: see amendments to regulation 9 of the Auctioning Regulations. These include an amendment to reflect the fact that there is no free allocation for aviation from 2026 onwards. In addition, the number of allowances that may be used for the cost containment mechanism is adjusted: see amendments to regulation 12 of the Auctioning Regulations.

An impact assessment is available from the Industrial Decarbonisation and Emissions Trading Directorate, Department for Energy Security and Net Zero, 3-8 Whitehall Place, London SW1A 2EG or alongside these Regulations on www.legislation.gov.uk.