

The Future of Carbon Pricing in the UK (EU ETS Phase IV)

May 2019

Notes from BEIS Call, Friday 3rd May EU ETS Phase IV / FUTURE OF CARBON PRICING IN THE UK Consultation deadline 12th July

These notes were taken on a useful BEIS briefing call for trade associations held on Friday 3rd May. They are informal and reflect our understanding of the discussion but should be used in conjunction with other information. We will also review the implications of the proposals for data centres before responding to the consultation. Although the details of the ultra-low emitters' exemption will not be finalised by this time we will submit our views on the form that we feel this should take.

Consultation process

- This consultation has been issued in line with the commitments made by Claire Perry. The proposals in the consultation represent the preferred option of the UK government, after extensive discussion with industry and with devolved administrations. The consultation can be found here: <https://www.gov.uk/government/consultations/the-future-of-uk-carbon-pricing>
- The consultation deadline is **12th July 2019** and is limited to ten weeks rather than twelve to allow time for the legislation to be put in place.
- Round tables are being scheduled with sectors and other stakeholders and BEIS was committed to ensuring plenty of opportunity for stakeholders to discuss the detail and air any concerns. The data centre sector meeting is scheduled for **FRIDAY 21st JUNE** at techUK.
- Responses should be submitted to eu.ets@beis.gov.uk or via an online survey: <https://beisgovuk.citizenspace.com/heat/future-of-uk-carbon-pricing/>. techUK will be submitting a sector-level response.

Proposals: Linked ETS Scheme

- This preferred approach is a **LINKED ETS SCHEME**, because it gives participants access to a larger market and greater opportunities for more cost-effective emissions reductions.
- In the case that a linked scheme cannot be agreed the consultation also makes provision for a standalone UK EU ETS scheme, for a long-term carbon tax and also the option to continue in Phase IV. The linked trading scheme is the preferred option: these three options are FALLBACK.
- Because Article 50 has been extended to the end of October 2019 the UK continues to be an EU member. Therefore, all potential options must remain on the table to cover the full range of Brexit related uncertainties.

Legal prerequisites

- The Department has consulted the Climate Change Committee about establishing a UK ETS as this is a legal requirement. CCC will also comment on the level of the tax.

Comparison with existing ETS Phase IV

- Most of the proposals mirror the EU ETS design, because BEIS considers this is the best way to deliver a linked ETS and to preserve a level playing field with the rest of the EU.

- Areas where the proposed UK scheme diverges are in administration, where elements of process have been simplified to reduce bureaucracy and cost and to make it cheaper and easier to demonstrate compliance.
- The scheme will, however, be at least as ambitious as the existing EU scheme. BEIS is also committed to delivering a smooth transition and the IT systems for the domestic system are currently being developed.
- As yet the level of the cap has not been set as BEIS needs to consult with the CCC and also seek stakeholder views.

NIMS

- Operators wanting to be registered for the ultra-low emitters exemption in the next phase **MUST complete the NIMS** data gathering exercise in order to be deemed eligible. See our [NIMS Brief](#).
- The NIMS data gathering deadline has been extended to **30th June**, but organisations are strongly advised to submit sooner.
- All participants must submit **VERIFIED emissions data for the last three years** as part of NIMS. Those installations that do not have three years of verified emissions data (for instance because they have not been in the scheme for long enough) need to get in touch ASAP
- A section will be opened on ETSWAP on 17th May for NIMS submission.

Present on call:

- Lots of trade association reps
- Plus: Sophie West, Greg Sanders, Dave Crosby, Ryan Tinggal, Jo Simons

Further information

- ETS helpline: ETSPhaseIVHelp@environment-agency.gov.uk
- SEPA: <https://www.sepa.org.uk/regulations/climate-change/eu-emissions-trading-system/>
- techUK: [Our briefing note on NIMS](#)

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