

# SL(6)114 - The Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2022

## 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 and 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 we have in Wales.

The ETS requires operators of certain industrial installations and certain aircraft operators to monitor, report on, and surrender "allowances" equivalent to their greenhouse gas emissions in each scheme year. Allowances are held in accounts in the UK ETS registry, and there is a cap on the number of allowances that may be created. For installations that meet the eligibility criteria, there are two opt-out schemes, one for "hospital or small emitters" ("HSE"), the other for "ultra-small emitters" ("USE"). Such installations are not required to surrender allowances.

The main changes made by this [Order](#) include:

- enabling a regulator to impose a civil penalty where a person fails to comply with a notice to return allowances;
- extending the power to carry out inspections of premises to monitor compliance, so the power can be used by an authorised person (and not just by a regulator);
- making it an offence to intentionally obstruct a person who is exercising powers of entry;
- requiring the operator of an installation to surrender any deficit of allowances from previous scheme years when their permit has either been surrendered or revoked.

## Procedure

Draft Affirmative.

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



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Welsh Parliament  
**Legislation, Justice and Constitution Committee**

A draft of the Order has been laid before Senedd Cymru, the United Kingdom Parliament, the Scottish Parliament and the Northern Ireland Assembly. Therefore, the draft Order is in English only and will be made 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.

### Legal Advisers

**Legislation, Justice and Constitution Committee**

**11 January 2022**



Senedd Cymru

**Pwyllgor Deddfwriaeth, Cyfiawnder a'r Cyfansoddiad**

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Welsh Parliament

**Legislation, Justice and Constitution Committee**