

UK Emissions Trading Scheme for hospital or small emitters: how to comply

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This guidance will help operators understand and comply with their obligations under the UK Emissions Trading Scheme (UK ETS) that came into force on 1 January 2021. These obligations are set out in the [Greenhouse Gas Emissions Trading Scheme Order 2020 \(the order\)](#).

This guidance applies to installations in the UK ETS with hospital or small emitter (HSE) permits. There is separate guidance for [installations with greenhouse gas emissions permits](#).

Work out if the UK ETS applies to you

From 1 January 2021 the UK ETS applies to regulated activities carried out at installations.

Regulated activities are listed in schedule 2 to the order. See the full details about [installations, regulated activities and greenhouse gases](#).

Operators of installations who carry out regulated activities must have either a greenhouse gas emissions (GHGE) permit, or a HSE permit. You must apply for a permit before you begin your regulated activities.

This is unless the installation has ultra-small emitter status, in which case you will not require a permit. Installations whose reportable emissions are less than 2,500 tonnes of carbon dioxide equivalent in 2021, 2022 and 2023 may be able to apply for ultra-small emitter status for the 2026 to 2030 allocation period. The window to apply for ultra-small emitter status for the 2021 to 2025 allocation period is closed.

You can find the eligibility criteria in the [guidance for ultra-small emitters](#).

If you do not comply with the UK ETS requirements your regulator may take enforcement action which could result in a civil penalty.

Contact your regulator if you are still not sure if the UK ETS applies to you.

Eligibility for HSE status

You may be eligible for HSE status if either 1 or 2 applies:

1. Your installation primarily provides services to a hospital. This means that at least 85% of the heat produced by your

installation in a scheme year is used by, or supplied to, one or more hospitals.

2. You satisfy the requirements to be a small emitter, meaning that both of these apply:
 - your installation emits less than 25,000 tonnes of carbon dioxide equivalent in each scheme year in the baseline period
 - where your installation carries out the regulated activity 'combustion of fuels', it has a total rated thermal input of less than 35 megawatts (MW) in each scheme year in the baseline period

Your installation is a HSE for the 2021 to 2025 allocation period if it is on the list of installations to be excluded from the EU Emissions Trading System (EU ETS) from 1 January 2021 (under article 27 of the EU ETS Directive (2003/87/EC)).

This list was published on the Scottish Environment Protection Agency's website on 28 May 2020 and is available in the [hospital or small emitter guidance](#). It is final and no new installations will be added to it in the 2021 to 2025 allocation period.

HSE status for the first allocation period will end on 31 December 2025.

If you wish to apply to be a HSE in the 2026 to 2030 allocation period, you will need to provide evidence of your eligibility for each scheme year in the baseline period – that is 2021, 2022 and 2023.

You will be contacted by the UK ETS authority and your regulator about how to apply to be a HSE for the 2026 to 2030 allocation period during 2023.

Regulators and their contact details

Your regulator is defined in [article 10 of the order](#). There are 5 regulators for installations regulated under the UK ETS. You are assigned a regulator based on your geographical location including controlled waters (if relevant) and the adjacent territorial sea, except where the installation is used for certain purposes as detailed in article 10. The regulators are:

- England: the Environment Agency, email ethelp@environment-agency.gov.uk
- Northern Ireland: Northern Ireland Environment Agency, email emissions.trading@daera-ni.gov.uk or see their [carbon emissions trading web pages](#)
- Scotland: Scottish Environment Protection Agency, email emission.trading@sepa.org.uk or see their [UK Emissions Trading Scheme web pages](#)
- Wales: Natural Resources Wales, email GHGHelp@naturalresourceswales.gov.uk or for correspondence in Welsh email GHGHelp@cyfoethnaturiolcymru.gov.uk, or see their [UK Emissions Trading Scheme web pages](#)
- UK Continental Shelf: Offshore Petroleum Regulator for Environment and Decommissioning (OPRED) on behalf of the Secretary of State for Business, Energy and Industrial Strategy (BEIS), email bst@beis.gov.uk

The UK government and the devolved administrations collectively form the UK ETS authority which has been set up to oversee the UK ETS.

You can contact the UK ETS authority about the operation of the UK ETS, legislation and over-arching policy queries. Here are the contact details:

- England: email emissions.trading@beis.gov.uk
- Scotland: email emissions.trading@gov.scot

- Wales:
email Decarbonisation&Energy.GovernmentBusiness@gov.wales or for correspondence in Welsh
email DatgarboneiddioAcYnni.BusnesYLlywodraeth@llyw.cymru
- Northern Ireland: email Environment.BrexitTeam@daera-ni.gov.uk

Your ETSWAP account

Your regulator manages all applications, variations, notifications and report submissions through the online application and reporting system, [ETSWAP](#).

If you held a permit under the EU ETS and this was converted to a UK ETS permit on 1 January 2021 you will already have an ETSWAP account. You should continue to use this in the normal way.

If you are an operator of a new UK ETS installation you should register your installation using ETSWAP. Once you have done this and your regulator has the information it needs, it can set up your account on ETSWAP. The system will provide you with login instructions.

The ETSWAP system:

- allows you to apply for a new permit
- allows you to send and receive notifications from your regulator
- sends you reminders of actions you must or may need to take
- allows you to submit your annual emissions report, verification report and declaration

The online forms within ETSWAP are designed to help operators provide the information required under the order. They include guidance on how to complete specific fields within the forms. Where available, the forms also provide references to additional guidance documents or legislation.

See the [ETSWAP help page](#) for help.

At least one of your ETSWAP account users will be given 'operator administrator' status. This person will be able to manage the account and:

- add, enable and disable users
- update the authorisation level of users

For username reminders, contact your account administrator or your regulator.

For password resets, use the 'Reset password' option on the ETSWAP home page and follow the instructions.

ETSWAP will be changing to a new online system later in 2022.

Submitting applications to your regulator

The following applies to any application, report or notice you submit to your regulator.

All submissions must be:

- in writing
- submitted through ETSWAP (unless your regulator agrees otherwise) using one of the online forms – these set out the information needed

All applications must:

- include the name, postal address and telephone number of the applicant, and an email or postal address in the UK for serving documents under the order
- be accompanied by any fee required

Applications you submit to your regulator do not satisfy the requirements of the order until you have:

- provided all the information required by the order
- submitted the application form
- paid any fee required

You can find the fees for each UK ETS regulator on their respective websites:

- [Environment Agency](#)
- [Northern Ireland Environment Agency](#)
- [Scottish Environment Protection Agency](#)
- [Natural Resources Wales](#)
- [OPRED charging scheme](#)

Your regulator must determine an application within 2 months of the date it was made unless it agrees a longer period with you.

Once you submit your application, ETSWAP will tell you about the application fee and how to pay, or you can contact your regulator.

Your regulator will assess your application and contact you if it needs more information.

Apply for a HSE permit

You can only hold a HSE permit if you have HSE status for the relevant allocation period. If an ultra-small emitter becomes a HSE during an allocation period it must apply for a HSE permit.

If you hold a GHGE permit in the allocation period 2021 to 2025 but are a HSE for the allocation period 2026 to 2030, your regulator will convert your GHGE permit to a HSE permit with effect from 1 January 2026.

You must apply for a new permit using [ETSWAP](#). Select 'Register a new stationary installation' and provide the information requested. Your application will remain in the 'My tasks' list on the work queue pages until you have completed your application.

ETSWAP will keep a record of your submitted application for future reference.

Once your regulator has approved your application, it will issue your HSE permit. Your permit will include conditions that require you to monitor and report your emissions and notify your regulator of changes.

Non-compliance and enforcement

It is important that you read, understand and comply with the conditions in your permit. The introductory note and conditions will help you comply with UK ETS requirements.

If you do not comply with UK ETS requirements your regulator may take enforcement action which could result in a civil penalty. The following documents have more information on civil penalties:

- [Environment Agency Enforcement and sanctions policy](#)
- Northern Ireland Environment Agency [Emission Trading Scheme civil penalties](#)
- Scottish Environment Protection Agency [Enforcement Policy and guidance on that policy](#)
- Natural Resources Wales [Guidance on Enforcement and Sanctions](#)
- for OPRED, see the information under the heading 'Non-compliance' in the [Greenhouse gases emissions trading scheme](#) section of that guidance

If you are not sure about your obligations, or any aspect of this guidance, please [contact your regulator](#).

Complying with your emissions-related permit conditions

To comply with the conditions in your permit, you must complete the tasks in the UK ETS annual cycle by the specified deadlines. If you do not, your regulator may take enforcement action which could result in a civil penalty.

Annual tasks and compliance deadlines

- 1 January – start monitoring your emissions
- 31 March – submit your annual emissions report and declaration or verification report for the previous scheme year using ETSWAP
- July – appoint an appropriate accredited verifier if applicable (and you have not already done so)
- 30 September – submit an application for a site visit waiver, if required
- December – consider starting to prepare your annual emissions report
- 31 December – notify your regulator of any non-significant changes to your monitoring plan using ETSWAP
- 31 December – complete your emissions monitoring for that scheme year

Monitor your emissions

You must monitor your reportable emissions from 1 January to 31 December in each scheme year.

You must monitor accordance with:

- your approved monitoring plan (including any written procedures that supplement it)

- the requirements of the [Monitoring and Reporting Regulation \(MRR\)](#)

The order has modified the MRR for HSEs and simplified some of the monitoring requirements. The section 'Simplified monitoring and reporting' has more guidance.

You use the emissions data collected during your monitoring to produce your annual emissions report.

Prepare your emissions report

You must prepare a report that covers the reportable emissions from the previous scheme year and is in accordance with the MRR.

As an HSE, you can choose to either:

1. Submit your emissions report with a declaration saying that:
 - in preparing the emissions report you have complied with the MRR
 - you have complied with the monitoring plan
 - the report is free from material misstatements
2. Use an independent verifier to verify your annual emissions report.

If you submit your report without a verification report, your regulator will audit your emissions report (see the section on record keeping and audits for more information). If you choose to use an independent verifier, your emissions report must be verified as satisfactory in accordance with the [Verification Regulation](#).

The regulators recommend that you start to prepare for the reporting process during the final quarter of the scheme year. This will give you time to appoint a verifier, if you need to, complete any internal checks on your report and make any necessary corrections before you submit it.

The task to compile your annual emissions report will appear in your ETSWAP work queue on 1 January the following year. This task contains the emissions monitoring report form.

Simplified monitoring and reporting provisions

As an HSE you may apply the following simplifications.

You must:

- provide evidence to your verifier (if you appoint one) that you are complying with the applicable tiers (article 19 of the Verification Regulation)
- have and maintain procedures to reduce the risk of errors in your reports (article 59 of the MRR)

You may:

- use purchasing records and estimated stock changes to determine activity data (amount of fuel or material)
- apply tier 1 as a minimum to determine activity data and calculation factors for all source streams, and to determine emissions by measurement-based methodologies (unless you can be more accurate without additional effort)
- use a technically competent laboratory that is not accredited to EN ISO/IEC 17025 to determine calculation factors by analysis if you provide evidence of its quality assurance measures
- report an emission factor of zero for using biomass, including all bioliquids

You are exempt from:

- submitting an uncertainty assessment to your regulator when you apply for a monitoring plan (article 12(1) of the MRR)
- including uncertainty related to stock changes in an uncertainty assessment (article 28(2) of the MRR)

- submitting the outcome of a risk assessment to your regulator when you apply for a monitoring plan (article 12(1) of the MRR)
- demonstrating that it would lead to unreasonable costs or it is not technically feasible to apply a higher tier than tier 1
- submitting an improvement report in response to verifier recommendations – however, you must still consider verifier recommendations

Using default values for calculation factors

You may use default values (also known as national factors) for calculation factors if your approved monitoring plan allows you to apply tiers 2a or lower (article 31(1)(b) and (c) of the MRR).

You must use the factors published for UK ETS for the relevant year to make sure you are using the right data. You must use the same factor for the whole scheme year.

[This guidance document](#) has a table of UK national factors for:

- net calorific values
- emission factors
- preliminary emission factors
- conversion factors
- oxidation factors

ETSWAP should be pre-populated with the latest national factors extracted from the national greenhouse gas inventory or supplied by the natural gas network operators. However, you and your verifier must check that the data in ETSWAP correctly represents the data for the relevant scheme year.

To use the lookup function in ETSWAP, first select the relevant Intergovernmental Panel on Climate Change (IPCC) 'sector' and then choose the fuel.

By doing this you can make sure that when the figures are converted the calculations will be correct. If you are using your own data, or

transcribing from the UK national factors table published on GOV.UK, you must make sure you report the data to standard conditions, as defined in the MRR.

For example, NCV (net calorific value) for some fuels are reported in units of MJ/m³ others in GJ/m³. In this example the values must first be converted to GJ/m³ for consistency with the MRR reporting requirements.

You must report your gas consumption to 0°C and 101.325 kPa to comply with the MRR. National inventory data contained in ETSWAP reports NCV and emission factors at typical metering conditions (15°C 101.325 kPa).

If you use ETSWAP data (or if you are using invoices and these are the metering conditions stated by your supplier), select the 15°C option and a factor of 0.9476 will automatically be applied to the volume and the NCV.

You are responsible for checking that the resulting figure is correct. If you have already converted to the metered gas consumption and NCV to 0°C and 101.325 kPa, then tick the 0°C option. No corrections are applied, although the NCV figure is converted down to 0°C.

If you do not use the lookup function in ETSWAP you must make sure that you have used the appropriate number of significant figures as described in the next section on rounding data.

Rounding data for emissions reporting

Do not round data that you will use to calculate your final reportable emissions too soon. Report all variables to an appropriate level of significance. You must report total annual emissions as values rounded to a whole number.

You can find information on rounding for reportable emissions in article 72 of the MRR.

The number of significant figures for the values you report should be appropriate to their magnitude. The regulators do not specify what a significant figure is because the size of a number when multiplied (or divided) by another can dictate how many decimal points are significant.

If you use the UK country specific factors you should use all the figures presented. Please be aware that column formatting in Excel may mean that not all decimal places are shown. To avoid using the wrong figure, regulators recommend that you use the 'copy-paste special-value' function.

You and your verifier (if you appoint one) should check that the number of significant figures is appropriate. Appropriate would be the point at which the overall reported CO₂ emissions figure is no longer affected by including (or omitting) more decimal places in the figures you use to calculate it.

Record keeping and audits

You must keep records of all relevant data and information for at least 10 years. In practice this is 10 years from the date you submitted your report. You will also need to keep the data you used to prepare the report even though it may be more than 10 years old.

If you submit your emission report with a declaration (instead of a verification report), you must make sure you have internal assurance systems in place and keep the evidence to support your declaration. Your regulator will complete an initial risk assessment of your report and, if required, request further information for an audit. Regulator audits are risk based. Higher risk HSEs will be audited more frequently.

If you are an HSE because you primarily provide services to a hospital, you must maintain records that show you continue to meet the criteria.

Appointing an independent verifier

This section explains how to find an independent verifier if you choose to use one.

Your chosen verifier must be accredited by the [United Kingdom Accreditation Service \(UKAS\)](#) to ISO 14065 and the Verification Regulation. The scope of their accreditation must cover the regulated activity you are reporting.

You must provide your verifier with all the information they need to perform the verification. Your verifier will be able to explain what they need, but you can also find a list of the minimum information required in article 10 of the [Verification Regulation](#).

When verifying your annual emissions report your verifier will assess your:

- monitoring methods
- information, data and calculations
- procedures

Your verifier checks your emissions report to make sure that the emissions data in your report accurately represents the emissions you are required to monitor. They also check that your reporting complies with your approved monitoring plan and the legislation.

To help make sure you are ready to report by 31 March, regulators recommend you appoint a verifier by at least July during the scheme year. This means your verifier can start the verification process as soon as possible.

They can start checking the data you will need for compliance from the first 6 to 9 months of the scheme year and arrange a site visit, if required. This avoids a heavy workload in January or February the following year and possible delays in completing the verification process.

There is a list of UKAS accredited verifiers in ETSWAP. When you have appointed your verifier you can assign them to

your ETSWAP account under the 'Organisation details' section and from the 'Default verifier' drop-down list.

Find more information on verification and a list of UKAS accredited verifiers for UK ETS from [UKAS](#).

Site visits by your appointed verifier

Site visits are an important part of the annual verification process. Without a site visit to the installation, your verifier may not be able to give a positive verifier opinion statement.

Site visits must be carried out if any of these apply, you have:

- changed your verifier
- not had a site visit for the preceding 2 annual emissions reporting scheme years
- if you have had a significant modification to your monitoring plan in that scheme year - modifications to the default values in monitoring plans are not considered significant

HSEs are treated as category A installations for the purposes of site visits and do not need to get approval for site visit waivers from their regulator. However, verifiers must provide the operator with written justification for the site visit waiver and keep a copy in their internal verification documentation.

Requests for virtual site visits based on 'force majeure' (serious, extraordinary and unforeseeable circumstances outside the operator's control) will be considered on a site-by-site basis for all sites, as set out in article 34(a) of the Verification Regulation.

Submit your annual emissions report

By 31 March, you must submit your annual emissions report for the previous scheme year to your regulator using [ETSWAP](#).

If you choose to use an independent verifier, they must also submit their verification report containing their 'verification opinion statement' to you using ETSWAP by 31 March.

If you choose not to use a verifier, you must also submit your declaration by 31 March. The declaration confirms that:

- you complied with the MRR when you prepared the report
- you have complied with the monitoring plan
- the report is free from material misstatements

The annual emissions report must meet the requirements of the MRR and, where applicable, the verification report must meet the requirements of the Verification Regulation.

Follow these steps to submit your annual emissions report to your regulator:

1. Complete the annual emissions report in [ETSWAP](#).

If you have chosen not to use an independent verifier go straight to step 5.

2. Once you have completed the annual emissions report form you must select your verifier from the drop-down list of verifiers in ETSWAP. You must have already set up an agreement with them.

3. Submit your annual emissions report to your chosen verifier for verification.

4. Once the verification process has been completed, your verifier will return the verified annual emissions report to you using ETSWAP.

5. Submit your annual emissions report and declaration or verification report to your regulator using ETSWAP. You will see the following message when the report has been successfully submitted: 'AEM report section: Action: AEM report submitted for assessment'.

If you need to amend your annual emission report after it has been verified, you must re-submit your report to your independent verifier for re-verification before you submit it to your regulator.

Your report has not been formally submitted until you have completed step 5.

You can find more guidance on completing and submitting your annual emissions report in [ETSWAP](#) and also on the [ETSWAP help page](#).

If, by 31 March, you do not submit an annual emissions report that has either been verified or is accompanied by a declaration, your regulator will determine your emissions – as stated in the order. Your regulator is entitled to recover its costs for doing this work. You may also receive a civil penalty.

Addressing verifier findings

If you use an independent verifier, they will assess your report and supporting data and then provide their verification opinion. It will either be 'verified', 'verified with comments' or 'not verified'.

To be verified as satisfactory, the verification opinion must be either verified or verified with comments.

A verified with comments opinion means your verifier has found 1 or more of the following:

- unresolved non-compliances
- nonconformities
- misstatements
- recommendations for improvements

Nonconformities arise when you do not comply with the requirements in your approved monitoring plan or your permit conditions.

Non-compliances arise when you do not comply with the requirements in the legislation, such as the order or the MRR. Nonconformities may also be non-compliances. You will need to vary your permit to address these findings.

Misstatements arise when there are errors or things that you have left out of your report. Nonconformities may also lead to misstatements.

Recommendations for improvement usually relate to a need to improve your monitoring and reporting procedures. Addressing these may help you comply with your obligations and avoid more serious problems.

You should address misstatements, nonconformities and non-compliances as soon as possible. If you cannot resolve them before your verifier completes their verification, you must explain to them why. Your verifier will then assess whether they can provide you with a satisfactory verification opinion.

If your verifier cannot provide you with a satisfactory opinion (verified or verified with comments) your regulator will determine your emissions and may recover their costs.

Maintaining your monitoring plan

You must regularly check your monitoring plan to make sure it reflects the nature and functioning of your installation and to see if you can improve the monitoring methodology, including the control system.

You must monitor the effectiveness of your control measures, including your risk assessment.

You may need to change your monitoring plan as part of this review, or to account for verifier recommendations or audit findings.

You must tell your regulator about any changes to your monitoring plan.

Changes to the monitoring plan

You must change your monitoring plan in at least the following circumstances:

- you have emissions arising from activities that you have not identified in your emissions monitoring plan
- your data has changed because you can now determine emissions more accurately by using new types of measuring instruments, sampling methods or analysis methods
- you have found that data resulting from the previously applied monitoring methodology is incorrect
- changing the monitoring plan will make the reported data more accurate – unless this is technically not feasible or incurs unreasonable costs
- the monitoring plan does not meet the requirements of the MRR and your regulator asks you to change it

If you make a significant change, you must apply to vary your permit. If it is not a significant change, you must notify your regulator.

Variations and significant changes

You must apply to vary your permit in these cases:

- if your proposed change to the monitoring plan is significant under article 15(3) of the MRR
- to include data gap methodology, as referred to in article 66(1) of the MRR
- if the operator's name is changing

You must do this at least 14 days before making the change, or where this is not possible, as soon as reasonably practicable.

This section lists changes that are considered significant. However, this list is not exhaustive – some changes not listed could still be considered significant by your regulator.

Significant changes to the monitoring plan include:

- changes to emission sources
- a change from calculation-based to measurement-based methodologies, or vice versa, or from a fall-back methodology to a tier-based methodology for determining emissions, or vice versa
- a change in the tier level applied
- introducing new source streams
- a change in how you categorise source streams - between major, minor, de-minimis or marginal source streams – and where this change requires a change to the monitoring methodology
- introducing new methods (or changes to existing methods) for sampling, analysis or calibration, and where changing those methods have a direct impact on the accuracy of emissions data
- including a written procedure describing how you will estimate emissions in the event of a data gap

You submit an application to vary your permit in ETSWAP by selecting:

1. AEM permit from the menu on the left-hand side within the installation account.
2. Start AEM change request.
3. Start variation.

In your application to vary your permit, you must:

- describe the proposed change
- explain whether and how the change affects the information in the monitoring plan

Non-significant changes

You must notify your regulator of any non-significant changes to your monitoring plan by 31 December in the year you made the change.

You can monitor and report using the proposed modified monitoring plan before it is approved by your regulator if:

- the proposed change is not significant
- following your current monitoring plan would lead to incomplete emissions data

If you are concerned that following your current monitoring plan would lead to incomplete emissions data, you must monitor and report using both the current plan and the plan with the proposed modification you have applied for. You must make sure all your emissions monitoring is documented until your regulator has approved the modification to your monitoring plan.

Non-significant changes include:

- a change to the default factor for a calculation factor, where the value is to be included in the monitoring plan
- replacing a meter that does not affect the tier
- changing the details or description of a procedure that has no effect on the accuracy of the data

You submit notifications in ETSWAP by selecting:

1. AEM permit from the menu on the left-hand side within the installation account.
2. Start AEM change request.
3. Start notification.

When notifying non-significant changes to your monitoring plan you must:

- describe the change

- set out (if appropriate) how it affects the information in your monitoring plan
- explain how the change is in accordance with the MRR

Other notifications

You must notify your regulator 14 days before any of the following circumstances occur, or where this is not possible, as soon as reasonably practicable:

- you make a temporary change to your monitoring methodology (as specified in article 23 of the MRR)
- you exceed the thresholds for tiers or your equipment does not conform to requirements so you need to take corrective action (as specified in article 28(1) of the MRR)
- where a piece of measurement equipment is out of operation (as specified in article 45(1) of the MRR)
- if you are a HSE because you primarily provide services to a hospital and you stop doing this during a scheme year, you must notify your regulator by 31 March in the following year
- if you are a HSE because you are a small emitter and your reportable emissions in a scheme year exceed 24,999 tonnes of carbon dioxide equivalent, you must notify your regulator by 31 March in the following year

Emissions targets

The principle of the UK ETS for HSEs is that you must:

- monitor your greenhouse gas emissions for each scheme year
- report your greenhouse gas emissions by 31 March the following year
- not exceed your emissions target for that scheme year

If you do not comply with these and other obligations in the order, you may receive significant civil penalties.

Your installation's emissions targets for the 2021 to 2025 allocation period are set out in your permit. They have been calculated in line with the order.

If your initial emissions targets were based on estimated emissions (because you did not start to carry out a regulated activity until 2019 or later), your regulator will calculate your targets for the remaining years in the allocation period when the information needed to do this is available.

If you are also a HSE for the 2026 to 2030 allocation period, your regulator will vary your permit to include the emissions targets for that allocation period. They will do this by 31 December 2025.

If you exceed your emissions target for a scheme year, you will receive a mandatory civil penalty. The penalty will be the amount of your reportable emissions above your emissions target multiplied by the carbon price.

Increasing your emissions targets

You may apply to your regulator to increase your emissions targets if you increased the capacity of your installation after a certain date. This date (the reference date) depends on when you started to carry out a regulated activity at your installation. If you started:

- before 2018, you must have put the capacity increase into operation after 31 December 2018
- in 2018, you must have put the capacity increase into operation after 31 December 2019
- in 2019 or 2020, you must have put the capacity increase into operation after 31 December 2020

You cannot apply to increase your emissions targets if they have been calculated using estimated emissions.

Increases in emissions targets may apply from the year in which you put the capacity increase into operation. If you wish to apply to increase your emissions target for the 2021 scheme year, you must do this on or before 31 March 2022.

For any other scheme year, you must apply by the end of the scheme year, or within 3 months of putting the capacity increase into operation (if this is later).

In your application to increase the installation's emissions targets you must divide the installation into sub-installations, in accordance with Article 10 of the [Free Allocation Regulation \(FAR\)](#). The application must contain the following:

1. Evidence of each capacity increase and the sub-installation to which it relates, including:

- evidence that you have put the capacity into operation and it is not temporary
- the date you put the capacity into operation

2. Evidence of each capacity decrease at the installation since the reference date and the sub-installation to which it relates, including:

- where relevant, evidence that the decrease in capacity is temporary
- the date on which you removed the capacity

3. The capacity utilisation factor that applies to each increase in capacity and the evidence to support this.

The capacity utilisation factor is the expected level of production or consumption expressed as a proportion of the increase in capacity. It cannot be greater than 1.

4. Evidence of whether the increase or decrease is solely associated with measurable heat produced at the installation if the change in capacity relates to a:

- district heating sub-installation
- heat benchmark sub-installation of an installation that consumes or exports measurable heat produced outside the installation

Your regulator will only grant your application if all of the following apply:

- you have put a capacity increase into operation at the installation
- the capacity increase is not temporary
- the net change in installed capacity at the installation since the reference date is more than zero

Your regulator will calculate new emissions targets for each scheme year for which you have made the application and will vary your permit accordingly. But if you are a HSE because you are a small emitter, they can only increase your emissions targets up to the maximum amount of 24,999 tonnes of carbon dioxide equivalent.

Banking overachieved targets

If your reportable emissions in a scheme year are less than your emissions target for that year, the difference between these amounts is called your 'bankable amount'.

Your regulator may increase your emissions target for the following scheme year by your bankable amount and vary your permit accordingly. But the following will apply:

- if you are a HSE because you are a small emitter, your emissions target will not be increased if it would exceed the maximum amount of 24,999 tonnes of carbon dioxide equivalent
- if your emissions target for a scheme year is based on an estimate, your bankable amount will be zero
- there will be no banking between allocation periods, so if you have a bankable amount in 2025, it will not result in an increase in your 2026 emissions target

Errors in emissions targets

If there is an error in the reportable emissions used to calculate your emissions target for a scheme year (including revised targets under the 'banking' provisions), your regulator may determine your reportable emissions and calculate revised emissions targets for current and future scheme years.

End of HSE status

Your regulator will give you a conversion notice if:

- you are a HSE because you are a small emitter and your reportable emissions exceed 24,999 tonnes carbon dioxide equivalent in any of the scheme years 2021, 2022, 2023, 2026, 2027 or 2028
- you are a HSE because you primarily provide services to a hospital and you stop doing this during a scheme year (unless you satisfy the criteria to be a small emitter instead)

A conversion notice will state that you must comply with the conditions of a greenhouse gas emissions permit. You must do this from 1 January in the scheme year following the year in which your regulator gave you notice. You must apply to vary your monitoring plan to comply with the requirements of a greenhouse gas emissions permit.

The regulator will then convert your HSE permit into a greenhouse gas emissions permit.

If you are a HSE for the 2021 to 2025 allocation period but are not a HSE for the 2026 to 2030 allocation period, your regulator will convert your permit to a greenhouse gas emissions permit, effective from 1 January 2026.

Permit transfers

Where an installation is to be transferred to another operator, or where there is a change to the legal entity operating the installation, the permit holder (transferring operator) and the proposed new operator (the new operator) must jointly apply to the regulator to transfer the permit.

The new operator must register the new installation on ETSWAP (see the section Apply for a permit). Both operators will need to complete different parts of the application form before submitting it to the regulator.

Either party can pay the required fee.

The new operator must either submit a new monitoring plan for approval or specify the parts of the existing plan that it proposes to vary.

HSEs are not able to partially transfer their permit.

Permit surrenders and revocation

An installation has 'ceased operation' under the order if both of the following apply:

- a regulated activity is no longer being carried out at the installation
- it is technically impossible to resume operation

In these circumstances, you must apply to surrender your permit through ETSWAP within 1 month of operations ceasing, or at a later date as agreed with your regulator.

However, if an installation stops carrying out a regulated activity, but it is technically possible to resume operations, you may apply to surrender your permit, but you are not obliged to.

Your regulator:

- may revoke your permit if you do not comply with your obligations under the UK ETS or fail to pay your subsistence fee
- must revoke your permit if you do not submit an application to surrender your permit on time

When you surrender a permit, or the regulator revokes one, the regulator will issue a 'surrender notice' or 'revocation notice'. This notice contains requirements the operator must comply with. These requirements include submitting a report of reportable emissions up until the date the surrender or revocation takes effect.

Unhappy with a decision

If you are unhappy with a decision your regulator has made, please discuss it with them first. In some cases, you may have a right of appeal – the order contains details of your rights of appeal.

If the appeal is against a decision by the following organisations, the appeal body is the First-tier Tribunal:

- Environment Agency
- Natural Resources Wales
- OPRED
- If the appeal is against a decision by the Scottish Environment Protection Agency – the appeal body is the Scottish Land Court
- If the appeal is against a decision by the Chief Inspector (Northern Ireland) – the appeal body is the Planning Appeals Commission

If your regulator is the Environment Agency, you may also ask the Environment Agency to make an independent internal review of decisions made in relation to applications. Any request should normally be made within 14 days of receiving a notice by emailing ethelp@environment-agency.gov.uk.

Asking for a review of the decision does not suspend the effect of the notice and will not affect the time limits within which a statutory appeal must be made.

If you are unhappy for any reason with your verifier, please discuss it with them first. Clause 7.12.11 of EN ISO/IEC 17011 requires national accreditation bodies to allow the accredited verifier the opportunity to deal with complaints before the national accreditation body intervenes.

If you are still not satisfied, you should [contact UKAS](#) and inform your regulator.

Legislation relevant to UK ETS

This section lists relevant legislation and subsequent amendments.

The Greenhouse Gas Emissions Trading Scheme Order 2020 SI 2020 No.1265 (the order)

The [Greenhouse Gas Emissions Trading Scheme Order 2020 SI 2020 No.1265 \(the order\)](#) has been amended by the following, the:

- [Greenhouse Gas Emissions Trading Scheme \(Amendment\) Order 2020 SI 2020 No.1557](#)
- [Greenhouse Gas Emissions Trading Scheme \(Amendment\) Order 2021 SI 2021 No.1455](#)
- [Greenhouse Gas Emissions Trading Scheme \(Amendment\) Order 2022 SI 2022 No.454](#)

Further amendments are expected in the future.

Where this guidance refers to the order, it includes all amendments made to the order.

The Monitoring and Reporting Regulation (MRR)

The [MRR \(Commission Implementing Regulation \(EU\) 2018/2066 of 19 December 2018\)](#) as given effect by the order and subject to modifications in [schedule 4](#) to the order. It is further modified in relation to HSEs in [schedule 7](#) to the order.

This is an EU Regulation which was given effect by the order for the purposes of the UK ETS. The order (including the amending orders listed in the previous section) modifies the MRR so that it is appropriate for the UK ETS. In addition to the modifications that apply to all installations in the UK ETS, modifications have been made which apply to HSEs only.

The Verification Regulation

The [Verification Regulation \(Commission Implementing Regulation \(EU\) 2018/2067 of 19 December 2018\)](#) as given effect by the order, and subject to modifications in [schedule 5](#) to the order.

This is an EU Regulation which was given effect by the order for the purposes of the UK ETS. The order (including the amending orders listed in the first sub-section) modifies the Regulation so that it is appropriate for the UK ETS.

The Free Allocation Regulation (FAR)

The [FAR \(Commission Delegated Regulation \(EU\) 2019/331 of 19 December 2018\)](#) as it has effect in domestic law.

This is an EU Regulation which is EU retained law. This means that it applies in the UK after EU Exit.

The Regulation is amended by:

- [schedule 1 to the Greenhouse Gas Emissions Trading Scheme \(Amendment\) Order 2020](#)
- the [Greenhouse Gas Emissions Trading Scheme \(Amendment\) Order 2021](#)