

Huw Irranca-Davies AS/MS  
Y Dirprwy Brif Weinidog ac Ysgrifennydd y Cabinet dros  
Newid Hinsawdd a Materion Gwledig  
Deputy First Minister and Cabinet Secretary for Climate  
Change & Rural Affairs



Llywodraeth Cymru  
Welsh Government

Ein cyf/Our ref: PO-368-25

Llŷr Gruffydd MS  
Chair  
Climate Change, Environment and Infrastructure Committee  
Welsh Parliament  
Cardiff  
Cardiff Bay  
CF99 1SN

22 July 2025

Dear Llŷr,

I am writing to inform you the UK Emissions Trading Scheme (UK ETS) Authority – formed of the Welsh Government, UK Government, Scottish Government, and Northern Ireland Executive – yesterday published two interim Authority Responses on the expansion of the UK ETS to waste incineration and domestic maritime and a main authority response on greenhouse gas removals (GGRs).

In May 2024, the Authority published a consultation which sought views on the details of bringing energy from waste (EfW) and waste incineration into the scope of the UK ETS. Yesterday's interim Authority Response sets out the introduction and scope of a voluntary Monitoring, Reporting and Verification (MRV) period starting on 1 January 2026. This voluntary period will collect essential data for the UK ETS Authority and enable industry to prepare for cost exposure ahead of a move to full inclusion in the scheme. A further response to outstanding elements of the consultation will be published when the Authority has assessed the data from the voluntary MRV period to develop a policy which ensures Local Authorities are protected from bearing the full costs and ensures the carbon price is apportioned on all polluters in the waste chain. This approach would seek to incentivise decarbonisation rather than pass costs through the waste chain and on to Local Authorities. The second interim Authority Response published yesterday follows a consultation published in November 2024 that sought views on the details of including the domestic maritime sector in the scheme. Yesterday's response confirms that the UK ETS will apply to all emissions from all domestic voyages (within UK ports) for vessels over 5000 Gross Tonnage. It also informs stakeholders that maritime will be in-scope of the UK ETS from 1 July 2026, giving stakeholders a year to prepare for inclusion. A further response to outstanding elements of the consultation will be published in due course, once the Authority has developed final policy positions for the scope of the scheme.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The final response on integrating Greenhouse Gas Removals (GGRs) into the scheme follows a consultation published in May 2024. The consultation sought views on high-level proposals including: principles for policy design when integrating GGRs into the UK ETS (including engineered removals and woodland removals); cap policy options; allowance design for GGRs; permanence of carbon storage; and pathways to integration. The response confirms most elements of the consultation, providing important stakeholder certainty on our approach to the UK ETS cap, allowance design and timeframes. However, it does not include a decision on inclusion of woodland removals. This decision has been delayed to allow further time for consideration of wider policy interactions and to gather stakeholder views on the new evidence published yesterday, that assesses the potential impact of woodland inclusion. I will provide an update to the Senedd on this as it becomes available.

The responses on waste incineration and EfW alongside domestic maritime are interim responses, intended to give clarity to stakeholders about the next steps in including these sectors in the UK ETS. These will be followed by full Authority Responses, which will be published prior to legislation being laid that will enact these changes. The Senedd, along with other UK Parliaments, will have the opportunity to scrutinise plans once they are finalised. The Authority Response on GGRs is the first step towards integrating engineered GGRs into the UK ETS. Given the complexity of the proposals, further technical consultation is planned to gather invaluable evidence on the details of the mechanics of integration. I will update the Senedd as this work progresses.

The publication of these responses marks a vital next step in developing effective proposals for expansion of the UK ETS, increasing the level of emissions that will come under the scheme and helping to shape the future of the UK ETS in a way that supports Wales' long-term net zero ambitions and broader decarbonisation strategy. I am copying this letter to the Chair of the Legislation, Justice and Constitution Committee.

Yours sincerely,

A handwritten signature in black ink, appearing to be 'Huw Irranca-Davies', written in a cursive style.

**Huw Irranca-Davies AS/MS**

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