



**Cyfoeth
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**Natural
Resources**
Wales

Consultation on our UK Emission Trading Scheme Charges for 2021- 22

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1 About this consultation

Natural Resources Wales' purpose is to ensure that our natural resources and environment are sustainably maintained, enhanced and used in a way that is good for people, good for the environment and good for the economy.

NRW is the regulator in Wales for the UK Emission Trading Scheme which replaces the European Union Emissions Trading Scheme following our exit from the European Union.

As part of the withdrawal agreement from the European Union, the UK continued to be a part of the EU ETS during the transition period until 31st December 2020. In December 2020 the [Government Response](#) confirmed that a UK Emissions Trading Scheme would come into force on the 1st January 2021.

This consultation sets out our proposed charging scheme in Wales for the UK ETS.

When setting fees and charges, we follow the requirements set out in '*Managing Welsh Public Money*'¹ ensuring that only eligible costs are included within calculations. The proposed UK ETS charges have been worked out based on full cost recovery. We have also reviewed the way we work, ensuring our processes are efficient and effective, to keep charges as low as possible. We continually review our service delivery to ensure processes are as efficient as possible.

We are seeking your views and opinions on our proposals for the regulatory charges relating to the UK Emissions Trading Scheme for 2021/22 detailed in Section 2 below.

This consultation closes on 11 May 2021. We will use the feedback to inform our final charging scheme. If the proposals are approved by Welsh Government we intend to introduce the new charges from 1st July 2021.

¹ <http://gov.wales/funding/managing-welsh-public-money>

2 Proposed UK ETS Charges

2.1 Charges for permitted installations

The following summarises the current and proposed charges for the emission trading scheme permits (excluding those for aircraft operators).

2.1.1 Subsistence charges

There is one new category of charge where an operator is participating in an opt out scheme that was previously classified as a category A operator and so these sites will get a reduction in charge.

The subsistence charges include the review of operator verified annual emission reports and associated material, as well as the review of operator activity level change reports from 2021 – we will keep this under review. This annual charge covers the costs of:

- maintaining your permit
- maintaining your use of the Union Registry in the first few months of 2021
- processing notifications
- dealing with administrative or minor variations to Monitoring Plans and Monitoring Methodology Plans (MMPs)
- compliance inspections
- providing a help desk
- compliance audit activities if you are an excluded installation

Table 2.1.1: Subsistence charges

Subsistence charges	Current charges	New charges
Less than 50kt per year	£2,611	£1,627
At least 50kt and no more than 500kt per year	£3,400	£2,848
More than 500kt per year	£4,178	£3,255
Opt out (NEW CATEGORY)	£1,004	£407

If you join UK ETS part way through a year, you will be charged a portion of the subsistence charge according to the number of days left in the year. The calculation will start from the date your permit is granted or transferred.

If you surrender your permit, or it's revoked, and this happens part way through a year, we will refund a portion of the annual subsistence charge you have paid. The calculation will be based on the number of days left in the year.

2.1.2 New applications

You pay this when you apply for a new permit and Monitoring Plans and Monitoring Methodology Plans (MMPs). It also covers the cost of opening an account in the UK Registry in the first few months of 2021

Table 2.1.2: New applications

Permit applications	Current charges	New charges
Cat A and opt outs - emitting less than 50kt per year	£1,372	£1,627
Cat B - emitting at least 50kt per year and no more than 500kt per year	£2,560	£2,441
Cat C - emitting more than 500kt per year	£6,113	£3,255

Natural Resources Wales will estimate your likely annual emissions unless you can provide a verified, annual emissions figure.

2.1.3 Applications for changes to existing permits

This charge applies when we need to carry out a technical assessment of your application to vary your permit. However, not all permit variations incur a charge and if we think that the variation is only an administrative or minor change, you will not need to pay a charge.

The transfer charge is the same whether you are transferring all or part of your permit and is payable by either the transferor or the transferee (but not both).

The permit surrender or revocation charge is the same if you apply to surrender your permit or we serve a notice on you that we are revoking your permit. If the latter, we will send you an invoice.

If you are an opt out operator and you apply to increase your emissions target after an increase in capacity, you are required to pay a charge and this covers the cost of your permit variation.

If the information you send in with your application is incorrect or incomplete, you may have to pay a further charge if we need to make another amendment to your target.

Table 2.1.3: Charges for changes to permit / operator

Permit variation	Current charges	New charges
Permit variations where a fee is paid with an application	£440	£814
Permit variation without application	£440	£814
Permit variation (termination of excluded status)	£440	£814
Increase emissions target	£1,147	£1,627
Permit transfer	£440	£1,627
Permit surrender	£686	£1,627
Permit revocation	£686	£1,627
New entrant reserve	£1,147	£2,441

2.2 Charges for aircraft operators

The following summarises the proposed charges for the emission trading scheme permits for aircraft operators.

2.2.1 Subsistence

This is an annual charge and covers costs relating to:

- maintaining you as an aircraft operator in the EU ETS
- processing notifications
- maintaining your use of the Union Registry in the first few months of 2021
- dealing with administrative or minor variations to plans
- compliance auditing
- providing a help desk and resolving issues

The subsistence charge is made up of two parts. It has a fixed charge element called a base charge. You pay this if you are carrying out aviation activities for any part of the compliance year. This charge is as follows:

Table 2.2.1: Subsistence base charges for aircraft operators

Subsistence base charge	Current charges	New charges
Less than 50kt per year	£1,966	£1,280
At least 50kt and no more than 500kt per year	£2,550	£1,660
More than 500kt per year	£3,133	£2,040

You also need to pay a variable charge that depends upon the length of time you have had an emissions plan in place during a compliance year.

If you qualify as a UK aircraft operator part way through a compliance year, you will be charged a pro-rata fee based on the number of days remaining in the year. The charge will start from the date on your emissions plan, not from the date you applied for the plan.

Within any one calendar year, if your emissions plan is suspended and then restarted again mid-year, the variable part of your charge will not be adjusted.

The variable charges are as follows:

Table 2.2.2: Subsistence variable charges for aircraft operators

Subsistence variable charge	Current charges	New charges
Less than 50kt per year	£645	£420
At least 50kt and no more than 500kt per year	£850	£553
More than 500kt per year	£1,044	£680

2.2.3 Applications for aircraft operators

Table 2.2.3: Permit applications for aircraft operators

Applications	Current charges	New charges
Application for an emissions plan	£768	£500
Emissions plan variation	£440	£286
Application for a benchmarking plan	£850	£553
Application to the Special Reserve charge	£1,147	£747

2.3 Common elements of charges

2.3.1 Pro-rata charges for subsistence fees

Where a permit is issued part way through the year the charges will be calculated on a pro-rata basis for the remaining period up to the end of the year.

2.3.2 Retail Price Inflation (RPI) increases

Each year NRW may increase charges up to (and including) the Retail Price Inflation (RPI) in line with increases in the Office for National Statistics measures of inflation as at 30 September in the immediately preceding year. Increases beyond RPI would only occur after we have consulted on such changes and had Ministerial approval to do so.

2.3.3 Hourly rate

The hourly rate of £125 will be applied for the following activities:

- data collection exercise;
- determination of activity level or emissions;
- where a suitable category has not been identified in the scheme.

3 Other matters to note

3.1 Managing the transition to UK ETS

We have worked out the proposed new UK ETS charges for operators in Wales based on the principle of full cost recovery as set out in Welsh Governments Managing Welsh Public Money guidance. NRW has worked with other UK regulators to ensure consistent application of the regulations in response to the legislative change from an EU to UK ETS. There is however some divergence in charges between UK regulators caused by specific organisational costs of delivering regulation for each regulator.

NRW has received direct support for some transitional costs within the scheme from Welsh Government and this is reflected in the charges. This support helps cover depreciation and service management as a result of the transition to a UK scheme.

3.2 Strategic Review of Charges

Work is continuing on our Strategic Review of Charging Programme (SRoC) gathering the evidence it requires to ensure that any new scheme fully reflects the work we do in each of NRW's regulatory regimes. Any changes to the charging scheme resulting from the review will also ensure that resources are allocated in the right place. Any changes will consider our statutory obligation to deliver both the sustainable management of natural resources as detailed in the Environment Wales Act 2016 and NRW's well-being goals required by the Well-being of Future Generations (Wales) Act 2015.

Our Strategic Review of Charging is guided by NRW's charging principles which are being applied across all regulatory regimes. Any proposed changes to the Charging Scheme will be transparent and shared with our Charge Payers Consultative Group (CCG) who represent a wide range of sectors. We will work collaboratively with the CCG and consider their views when developing our proposals. NRW will ensure that we understand the impact on charge payers and sectors as a result of any proposed changes to our Charging Scheme.

4 Consultation question

This consultation is an opportunity to give us feedback and help shape our proposals.

Question 1. What are your views on the proposed charges in Wales for UK Emission Trading Scheme?

5 Responding to this Consultation

We are seeking your views and opinions on our proposed UK ETS charges in Wales for 2021/22.

5.1 How to Respond

The closing date for replies is **11th May 2021**

You can reply in the following ways:

Email

feesandchargesconsultation@naturalresourceswales.gov.uk

Post

Future Regulation Team – UK ETS Charging Scheme Consultation

Natural Resources Wales

Maes y Ffynnon

Penrhosgarnedd

Bangor

Gwynedd

LL57 2DW

Online

Available on our [website](http://www.naturalresourceswales.gov.uk) at www.naturalresourceswales.gov.uk

5.2 Data Protection

How the views and information you give us will be used

Any response you send us will be seen in full by Natural Resources Wales staff dealing with the consultation. It may also be seen by other Natural Resources Wales staff to help plan future consultations.

We intend to publish a summary of the responses to this document. We may publish responses in full. Normally the name and part of the address of the person making the response are published with the response. This helps to show that the consultation was carried out properly. If you do not want your name and address to be published let us know when making your response and we will remove them from published material.

Names and addresses we remove might still be published later, although we do not think this would happen very often. The Freedom of Information Act 2000 and the

Environmental Information Regulations 2004 allow the public to ask to see information held by many public bodies, including Natural Resources Wales. This includes information which has not been published. However, the law also allows us to withhold information in some circumstances. If anyone asks us to seek information we have withheld, we will have to decide whether to release it or not. If someone has asked for their name and address not to be published that is an important factor that we would take into account. However, there might sometimes be an important reason why we would have to reveal someone's name and address, even though they have asked them not to be published. We would get in touch with the person and ask their views before we finally decide to reveal the information.

5.3 Next Steps

Following the consultation, we will make all comments (excluding personal information as detailed above) and our responses publicly available on our website. If you respond with an email address, we will acknowledge your response and will notify you when the summary of responses has been published on our website.