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CC: Gillian Martin MSP, Cabinet Secretary for Climate Action and Energy (Scottish Government); Huw Irranca-Davies MS, Deputy First Minister and Cabinet Secretary for Climate Change and Rural Affairs (Welsh Government); Andrew Muir MLA, Minister for Agriculture, Environment and Rural Affairs (Northern Ireland Executive); Daniel Tomlinson MP, Exchequer Secretary to the Treasury (His Majesty's Treasury); Keir Mather MP, Minister for Aviation, Maritime and Decarbonisation (Department for Transport).

7 April 2026

Dear Minister,

I am writing in response to your request for the Committee's advice on a regulatory framework to recognise and implement CO₂ non-pipeline transport (NPT) in the UK Emissions Trading Scheme (UK ETS).

The UK ETS enables installations to deduct CO₂ that they emit, capture, and send onwards towards permanent geological storage from their UK ETS surrender obligations. This incentivises the deployment of carbon capture and storage (CCS). However, current UK ETS legislation only explicitly allows operators to deduct captured CO₂ from their reportable emissions when it is transferred from their installation via pipeline to another UK ETS installation – such as a capture plant, pipeline network or geological storage site – for the purpose of long-term geological storage.

Bringing CO₂ NPT into the UK ETS would be a step forward for enabling CCS for projects where pipeline transport to storage is unavailable. The Committee welcomes the Government's commitment to enable UK ETS participants who use non-pipeline transport for CO₂ storage purposes to make carbon subtractions.

The Committee recommends the following:

- That emissions for CO₂ transport by road, rail, and ships below 5000GT should be included in the UK ETS. Emitters of CO₂ covered by the UK ETS are obliged to surrender allowances for those volumes of CO₂. CCS will remove this obligation for the CO₂ that is captured and stored, so any additional emissions caused by that CCS should also be included.

- That CO₂ NPT emissions should be counted as zero for vehicles with zero emissions at the tailpipe, and emissions factors should be set for broad types of drivetrains for other vehicles, rather than reported exactly for each vehicle. The Committee's view is that this would give the best balance between accuracy and simplicity of reporting.
- That no additional UK ETS allowances should be released. CO₂ NPT is not an additional sector or subsector of the economy being added to the UK ETS, but rather a decarbonisation measure for sectors and subsectors already in the UK ETS, so it would not be appropriate to release additional allowances for it.

We have no comment to make on the other questions asked in the consultation.

I would be happy to meet to discuss further.

Yours sincerely,



Nigel Topping CMG
Chair, Climate Change Committee