

SCHEDULE 7

Article 26(4)

Hospitals and small emitters

PART 1

Preliminary

Interpretation

1.—(1) In this Schedule—

“conversion notice” has the meaning given in paragraph 23;

“emissions report” has the meaning given in paragraph 11(2)(b);

“emissions target”, in relation to an installation, means a target for the installation’s reportable emissions (excluding emissions from biomass) set out in the installation’s hospital or small emitter permit; and an emissions target for a scheme year is the emissions target for that year set out in the permit;

“hospital-qualifying installation” means—

- (a) in relation to an installation included in the hospital and small emitter list for 2021-2025, an installation stated in that list to be a “hospital” by the inclusion of “Y” in the entry relating to the installation in the column headed “Hospital (YES/NO)”;
- (b) in relation to an installation included in the hospital and small emitter list for 2026-2030, an installation that meets condition A (whether or not the installation also meets condition B or C) (see paragraphs 5 and 6);
- (c) in relation to an installation included in the ultra-small emitter list for 2021-2025 or the ultra-small emitter list for 2026-2030—
 - (i) in respect of which a notice under paragraph 7(2) of Schedule 8 is given; and
 - (ii) that is a hospital or small emitter for a scheme year by virtue of paragraph 4 of this Schedule,an installation that primarily provided services to a hospital in the scheme year before the notice was given;

“maximum amount” means 24,999 tonnes of carbon dioxide equivalent.

(2) For the purposes of this Order, in determining whether or not an installation’s reportable emissions or an estimate of reportable emissions exceed the maximum amount or an emissions target and in calculating an installation’s emissions target based on reportable emissions or an estimate, emissions from biomass must be excluded.

Meaning of installation that primarily provides services to a hospital in scheme year

2.—(1) For the purposes of this Schedule, an installation is an installation that primarily provides services to a hospital in a scheme year if at least 85% of the heat produced by the installation in that year is used by or supplied to one or more hospitals.

(2) In sub-paragraph (1), “hospital” means—

- (a) an institution for the reception and treatment of persons suffering from illness;
- (b) a maternity home;
- (c) an institution for the reception and treatment of persons during convalescence or persons requiring medical rehabilitation;

Status: This is the original version (as it was originally made).

- (d) a clinic, dispensary or out-patient department maintained in connection with an establishment referred to in any of paragraphs (a) to (c);
 - (e) a research or teaching facility that is associated with an establishment referred to in any of paragraphs (a) to (c) that has as its primary purpose medical research or medical teaching;
 - (f) any other facility that has as its primary purpose the provision of such services as are necessary to maintain the proper functioning of an establishment referred to in any of paragraphs (a) to (d), including in particular—
 - (i) blood transfusion services;
 - (ii) catering services;
 - (iii) laundry services;
 - (iv) medical sanitisation services.
- (3) In sub-paragraph (2), “illness” includes any disorder or disability of the mind and any injury or disability requiring medical or dental treatment or nursing.

PART 2

Hospital or small emitter status

Hospital or small emitter status

3.—(1) This paragraph and paragraph 4 apply to determine whether or not an installation is a hospital or small emitter for a scheme year.

(2) Subject to sub-paragraphs (3) and (4), an installation is a hospital or small emitter for the scheme years in the 2021-2025 allocation period if the installation is included in the list (the “hospital and small emitter list for 2021-2025”) of installations to be excluded from the EU ETS under Article 27 of the Directive from 1st January 2021 published for the purposes of the EU ETS on the website of SEPA on 28th May 2020⁽¹⁾.

(3) Where a conversion notice is given to the operator of the installation stating that the installation is not a hospital or small emitter for a scheme year in the 2021-2025 allocation period, the installation is not a hospital or small emitter for that scheme year or subsequent scheme years in the allocation period.

(4) Where a regulated activity does not begin to be carried out before 1st November 2020 at an installation that is included in the hospital and small emitter list for 2021-2025—

- (a) the installation is not a hospital or small emitter for the scheme years in the 2021-2025 allocation period; and
- (b) for the purposes of this Order, the hospital and small emitter list for 2021-2025 must be treated as not including the installation.

(5) Subject to sub-paragraphs (6) and (7), an installation is a hospital or small emitter for the scheme years in the 2026-2030 allocation period if the installation is included in the hospital and small emitter list for 2026-2030.

(6) Where a conversion notice is given to the operator of the installation stating that the installation is not a hospital or small emitter for a scheme year in the 2026-2030 allocation period,

(1) The hospital and small emitter list for 2021-2025 can be accessed at www.sepa.org.uk/media/504726/uk-article-27-27a-installation-list.pdf. A copy of the list may be inspected at the Department for Business, Energy and Industrial Strategy, 1 Victoria Street, London SW1H 0ET; the Industrial Pollution and Radiochemical Inspectorate, Department for Agriculture, Environment and Rural Affairs, Klondyke Building, Cromac Avenue, Belfast BT7 2JA; the Scottish Government Directorate of Energy & Climate Change, Fourth Floor, 5 Atlantic Quay, 150 Broomielaw, Glasgow G2 8LU; and the offices of the Welsh Government, Cathays Park 2, Cathays Park, Cardiff CF10 2NQ.

the installation is not a hospital or small emitter for that scheme year or subsequent scheme years in the allocation period.

(7) Where a regulated activity does not begin to be carried out before 1st November 2025 at an installation that is included in the hospital and small emitter list for 2026-2030—

- (a) the installation is not a hospital or small emitter for the scheme years in the 2026-2030 allocation period; and
- (b) for the purposes of this Order, the hospital and small emitter list for 2026-2030 must be treated as not including the installation.

Hospital or small emitter status: former ultra-small emitters

4.—(1) This paragraph applies to an installation if—

- (a) the installation is included in—
 - (i) the ultra-small emitter list for 2021-2025; or
 - (ii) the ultra-small emitter list for 2026-2030;
- (b) the regulator gives notice to the operator of the installation under paragraph 7(2) of Schedule 8 stating that the installation will not be an ultra-small emitter for a scheme year (the “relevant scheme year”); and
- (c) the regulator gives notice to the operator under paragraph 7(5)(b) of that Schedule that the regulator considers that the installation is not an ineligible installation.

(2) Subject to paragraph 3(3), an installation to which this paragraph applies by virtue of subparagraph (1)(a)(i) is a hospital or small emitter for the relevant scheme year and for subsequent scheme years in the 2021-2025 allocation period.

(3) Subject to paragraph 3(6), an installation to which this paragraph applies by virtue of subparagraph (1)(a)(ii) is a hospital or small emitter for the relevant scheme year and for subsequent scheme years in the 2026-2030 allocation period.

(4) For the purpose of this paragraph, an installation is an ineligible installation if—

- (a) where the activity referred to in column 1 of the first entry in table C in Schedule 2 (combustion of fuels) is carried out at the installation, the installation’s rated thermal input is 35 megawatts or above—
 - (i) where the installation is included in the ultra-small emitter list for 2021-2025, in any of the scheme years (within the meaning of GGETSR 2012) beginning on 1st January 2016, 2017 or 2018;
 - (ii) where the installation is included in the ultra-small emitter list for 2026-2030, in any of the 2021, 2022 or 2023 scheme years; and
- (b) the installation is not an installation that primarily provided services to a hospital in the scheme year preceding the scheme year in which the notice under paragraph 7(2) of Schedule 8 is given.

Obtaining hospital or small emitter status for 2026-2030 allocation period

5.—(1) The operator of an installation who wishes to apply for the installation to be a hospital or small emitter for the scheme years in the 2026-2030 allocation period must submit the following to the regulator—

- (a) details of the installation, including details of any permit in force;
- (b) evidence that the installation meets condition A, B or C (see paragraph 6);

Status: This is the original version (as it was originally made).

- (c) where the operator submits evidence that the installation meets condition A, the evidence and any estimate required by paragraph 6(3);
 - (d) where the operator submits evidence that the installation meets condition C, any estimate required by paragraph 6(6).
- (2) An application—
- (a) may not be made before 1st April 2024;
 - (b) must be made on or before 30th June 2024.
- (3) After receiving an application, the regulator must on or before 30th September 2024—
- (a) make a preliminary assessment of whether or not the installation meets condition A, B or C; and
 - (b) send the preliminary assessment and the reasons for it to the UK ETS authority.
- (4) After receiving the preliminary assessment—
- (a) the UK ETS authority must make a final assessment of whether or not the installation meets condition A, B or C; and
 - (b) if the UK ETS authority considers that the installation meets condition A, B or C, the UK ETS authority must include the installation in a list (the “hospital and small emitter list for 2026-2030”).
- (5) The UK ETS authority must publish the hospital and small emitter list for 2026-2030 on or before 30th April 2025.
- (6) Evidence of an installation’s historic reportable emissions may not be taken into account for the purposes of assessing whether or not an installation meets condition B or C unless the evidence is—
- (a) verified in accordance with the Verification Regulation 2018; or
 - (b) where relevant, set out in an emissions report accompanied by the declaration referred to in paragraph 11(2)(b)(ii).
- (7) An application may not be made under this paragraph and paragraph 3 of Schedule 8.

Obtaining hospital or small emitter status for 2026-2030 allocation period: Conditions A, B and C

6.—(1) This paragraph applies for the purposes of paragraph 5.

Condition A

- (2) Condition A is that the installation—
- (a) is an installation that primarily provides services to a hospital in the 2023 scheme year; or
 - (b) if a regulated activity has not begun to be carried out at the installation at the date of the application—
 - (i) a regulated activity will begin to be carried out at the installation before 1st November 2025; and
 - (ii) the installation will be an installation that primarily provides services to a hospital after that date.
- (3) Where the operator submits evidence that the installation meets condition A, the operator must also submit—
- (a) if a regulated activity begins to be carried out at the installation on or before 1st January 2021, evidence of—

- (i) the installation's reportable emissions in each of the 2021, 2022 and 2023 scheme years, verified as mentioned in paragraph 5(6);
- (ii) where the activity referred to in column 1 of the first entry in table C in Schedule 2 (combustion of fuels) is carried out at the installation, the installation's rated thermal input in each of those years;
- (b) in any other case—
 - (i) where a regulated activity has begun to be carried out at the installation at the date of the application, such evidence of the matters referred to in paragraph (a)(i) and (ii) as is available at the date of the application; and
 - (ii) where the evidence submitted under sub-paragraph (i) does not include evidence of reportable emissions for a complete scheme year, an estimate of the installation's reportable emissions in the 2026 scheme year.

Condition B

- (4) Condition B is that—
 - (a) a regulated activity begins to be carried out at the installation on or before 1st January 2021;
 - (b) the installation's reportable emissions in each of the 2021, 2022 and 2023 scheme years do not exceed the maximum amount; and
 - (c) where the activity referred to in column 1 of the first entry in table C in Schedule 2 (combustion of fuels) is carried out at the installation, the installation's rated thermal input is below 35 megawatts in each of those years.

Condition C

- (5) Condition C is that—
 - (a) if a regulated activity is carried out at the installation at the date of the application, the regulated activity began to be carried out at the installation after 1st January 2021;
 - (b) if a regulated activity has not begun to be carried out at the installation at the date of the application, a regulated activity will begin to be carried out at the installation before 1st November 2025;
 - (c) the installation's reportable emissions—
 - (i) are not likely to exceed the maximum amount in each of the scheme years in the 2026-2030 allocation period; and
 - (ii) if a regulated activity has begun to be carried out at the installation at the date of the application, do not exceed the maximum amount in each of the scheme years for which, at the date of the application, evidence of reportable emissions is available; and
 - (d) where the activity referred to in column 1 of the first entry in table C in Schedule 2 (combustion of fuels) is carried out at the installation, the installation's rated thermal input—
 - (i) is likely to be below 35 megawatts in each of the scheme years in the 2026-2030 allocation period; and
 - (ii) if a regulated activity has begun to be carried out at the installation at the date of the application, is below 35 megawatts in each of the scheme years for which, at the date of the application, evidence of rated thermal input is available.

(6) Where the evidence submitted under sub-paragraph (5) does not include evidence of reportable emissions for a complete scheme year, the operator must also submit an estimate of the installation's reportable emissions in the 2026 scheme year.

PART 3

Hospital or small emitter permits

Hospital or small emitter permits: application

7.—(1) The operator of an installation that is a hospital or small emitter for a scheme year may apply to the regulator for a hospital or small emitter permit to come into force in that year⁽²⁾.

(2) But an application may not be made if a permit for the installation is already in force.

(3) In sub-paragraph (2), “permit” includes a permit within the meaning of GGETSR 2012 to which paragraph 1 of Schedule 11 applies (permits to be converted).

Hospital or small emitter permits: content of application

8. An application for a hospital or small emitter permit must contain the matters set out in paragraph 2 of Schedule 6, except for the uncertainty assessment referred to in sub-paragraph (1)(g)(ii) of that paragraph.

Hospital or small emitter permits: issue of permit

9. A hospital or small emitter permit may be issued only if the regulator considers that—

- (a) the application is made for a permit to come into force in a scheme year for which the installation is a hospital or small emitter; and
- (b) from the date on which the permit comes into force the operator of the installation will be capable of monitoring and reporting the installation's reportable emissions in accordance with the monitoring and reporting conditions of the permit.

Hospital or small emitter permits: conversion of existing greenhouse gas emissions permit for 2026-2030 allocation period

10.—(1) This paragraph applies where a greenhouse gas emissions permit is in force for an installation that is included in the hospital and small emitter list for 2026-2030.

(2) The regulator must convert the greenhouse gas emissions permit into a hospital or small emitter permit with effect from 1st January 2026 by varying it under paragraph 6 of Schedule 6, so that the provisions of the permit are replaced by provisions that satisfy the requirements of paragraph 11.

(3) When varying a permit under sub-paragraph (2), the regulator may make only such variations as the regulator considers necessary in consequence of the installation's inclusion in the hospital and small emitter list for 2026-2030.

(4) The conversion of the permit does not affect the obligations of the operator under the greenhouse gas emissions permit in respect of specified emissions before 1st January 2026.

(2) Paragraph 10 of Schedule 7 and paragraph 1 of Schedule 11 provide for the conversion of permits into hospital or small emitter permits.

Hospital or small emitter permits: content of permit

- 11.—(1) A hospital or small emitter permit must contain—
- (a) the name and postal address in the United Kingdom (including postcode) of the operator and any other address for correspondence included by the operator in the application;
 - (b) the postal address and national grid reference of the installation (or, in the case of an installation in UK coastal waters or the UK sector of the continental shelf, equivalent information identifying the installation and its location);
 - (c) a description of the installation, the regulated activities to be carried out at the installation and the specified emissions from those activities;
 - (d) a description of the site and the location of the installation on the site;
 - (e) the date on which the permit comes into force;
 - (f) an emissions target for the installation, calculated by the regulator in accordance with paragraphs 15 to 17—
 - (i) subject to paragraph 18, where the installation is included in the hospital and small emitter list for 2021-2025, for each scheme year in the 2021-2025 allocation period;
 - (ii) subject to paragraph 18, where the installation is included in the hospital and small emitter list for 2026-2030, for each scheme year in the 2026-2030 allocation period;
 - (iii) where the installation is included in the ultra-small emitter list for 2021-2025, for each scheme year in the 2021-2025 allocation period for which the installation is a hospital or small emitter (see paragraph 4(2));
 - (iv) where the installation is included in the ultra-small emitter list for 2026-2030, for each scheme year in the 2026-2030 allocation period for which the installation is a hospital or small emitter (see paragraph 4(3));
 - (g) the monitoring plan—
 - (i) where an application is made for the permit, approved in relation to the installation under Articles 11 to 13 of the Monitoring and Reporting Regulation 2018;
 - (ii) where an existing permit is converted into a hospital or small emitter permit, approved in relation to the installation under Articles 11 to 13 of the Monitoring and Reporting Regulation 2012 or Articles 11 to 13 of the Monitoring and Reporting Regulation 2018 for the purpose of monitoring reportable emissions at the installation immediately before the hospital or small emitter permit comes into force;
 - (h) the monitoring and reporting conditions (see sub-paragraph (2));
 - (i) any other conditions that the regulator considers appropriate to include in the permit.
- (2) The monitoring and reporting conditions are—
- (a) a condition requiring the operator to monitor the installation’s reportable emissions in each scheme year for which the installation is a hospital or small emitter in accordance with—
 - (i) the Monitoring and Reporting Regulation 2018; and
 - (ii) the monitoring plan (including the written procedures supplementing the monitoring plan);
 - (b) a condition requiring the operator to prepare in accordance with the Monitoring and Reporting Regulation 2018 a report (the “emissions report”) of the installation’s reportable emissions in each scheme year for which the installation is a hospital or small emitter that is—
 - (i) verified in accordance with the Verification Regulation 2018; or
 - (ii) accompanied by a declaration stating that—

Status: This is the original version (as it was originally made).

- (aa) in preparing the emissions report the operator has complied with the Monitoring and Reporting Regulation 2018;
 - (bb) the operator has complied with the monitoring plan; and
 - (cc) the emissions report is free from material misstatements, and to submit the emissions report (and any declaration) to the regulator on or before 31st March in the following year; and
 - (c) any further conditions that the regulator considers necessary to give proper effect to the Monitoring and Reporting Regulation 2018 or the Verification Regulation 2018.
- (3) A hospital or small emitter permit for a hospital-qualifying installation must contain conditions requiring the operator—
- (a) if the installation ceases to be an installation that primarily provides services to a hospital in a scheme year for which the installation is a hospital or small emitter, to give notice to the regulator on or before 31st March in the following year;
 - (b) except where the operator gives notice under paragraph (a)—
 - (i) to maintain records demonstrating that the installation continues to be an installation that primarily provides services to a hospital; and
 - (ii) to comply with requests from the regulator to inspect the records for the purpose of verifying the accuracy of the records and of the emissions report.
- (4) A hospital or small emitter permit for an installation that is not a hospital-qualifying installation must contain a condition requiring the operator, if the installation's reportable emissions in a scheme year for which the installation is a hospital or small emitter exceed the maximum amount, to give notice to the regulator on or before 31st March in the following year.
- (5) This paragraph is subject to paragraph 14.

Hospital or small emitter permits: effect of permit, etc.

- 12.**—(1) A hospital or small emitter permit for an installation—
- (a) comes into force on the date set out in the permit;
 - (b) authorises the regulated activities set out in the permit to be carried out at the installation.
- (2) The operator of the installation must comply with the conditions of the permit.

Hospitals and small emitters: modifications to Monitoring and Reporting Regulation 2018

- 13.**—(1) Where an installation is a hospital or small emitter for a scheme year, the Monitoring and Reporting Regulation 2018 has effect with the following modifications (in addition to the modifications in Schedule 4).
- (2) References in the Monitoring and Reporting Regulation 2018 to a greenhouse gas emissions permit are to be read as references to a hospital or small emitter permit.
- (3) Article 19 is to be read as if—
- (a) in paragraph 2 for the words from “in one of the following categories” to the end there were substituted “as a category A installation”;
 - (b) paragraph 5 were omitted.
- (4) Article 38(2) is to be read as if—
- (a) in the first subparagraph “, but the emission factor for bioliquids shall be zero only if the sustainability criteria set out in Article 17(2) to (5) of [Directive 2009/28/EC](#) have been fulfilled” were omitted;

- (b) in the second subparagraph for “each fuel” there were substituted “a mixed fuel”.
- (5) Article 47 is to be read as if—
 - (a) every installation that is a hospital or small emitter for a scheme year were an installation to which Article 47 applies (that is to say, an installation that operates with low emissions, disregarding the second subparagraph of paragraph 1 of that Article);
 - (b) paragraph 8 were omitted.
- (6) Where an emissions report submitted to the regulator under paragraph 11(2)(b) is accompanied by a declaration referred to in paragraph 11(2)(b)(ii) (and is not verified in accordance with the Verification Regulation 2018), in the Monitoring and Reporting Regulation 2018—
 - (a) Annex 10 must be read as if section 1(2) were omitted;
 - (b) a reference to a verified annual emission report is to be read as a reference to the emissions report;
 - (c) a reference to verified annual emissions or verified emissions is to be read as a reference to the reportable emissions reported in the emissions report;
 - (d) a reference to a verifier is to be read as a reference to the regulator;
 - (e) a reference to verifying or verification is to be read as a reference to auditing the reportable emissions reported in the emissions report by the regulator in accordance with the regulator’s procedures for auditing reportable emissions of installations, the operators of which submit emissions reports under paragraph 11(2)(b)(ii);
 - (f) a reference to a verification report is to be read as a reference to the record of such an audit given to the operator by the regulator.

Former ultra-small emitters: hospital or small emitter permits coming into force after beginning of scheme year

14.—(1) This paragraph applies where a hospital or small emitter permit for an installation referred to in paragraph 4(2) or (3) comes into force on a day after 1st January in the relevant scheme year.

(2) References in paragraph 11(2) to a scheme year for which the installation is a hospital or small emitter must be treated as not including a reference to the part of the relevant scheme year before the date on which the permit comes into force.

(3) The installation’s emissions target for the relevant scheme year is the emissions target calculated under paragraph 16 or, as the case may be, 17 multiplied by the factor set out in subparagraph (4).

(4) The factor is $(Y - D)/Y$, where—

Y is the number of days in the relevant scheme year;

D is the number of days in the relevant scheme year before the date on which the permit comes into force.

(5) Paragraph 19 has effect as if the reference to the installation’s reportable emissions in the relevant scheme year were a reference to the installation’s reportable emissions in the relevant scheme year on and after the date on which the permit comes into force.

(6) In this paragraph, “relevant scheme year” has the meaning given in paragraph 4(1)(b).

PART 4

Emissions targets

Emissions targets other than for hospital-qualifying installations may not exceed maximum amount

15.—(1) Except in the case of a hospital-qualifying installation, an emissions target for a scheme year may not exceed the maximum amount.

(2) This paragraph overrides paragraphs 16 and 17.

Emissions targets for 2021-2025 allocation period

16.—(1) This paragraph applies for the purpose of calculating an installation's emissions targets for the scheme years in the 2021-2025 allocation period under paragraph 11(1)(f)(i) and (iii).

(2) Where a regulated activity began to be carried out at the installation before 2019, the installation's emissions target for a scheme year is the installation's relevant emissions multiplied by the reduction factor for the scheme year.

(3) For the purpose of sub-paragraph (2), the relevant emissions of an installation are—

- (a) where a regulated activity began to be carried out at the installation before 2016, the sum of the installation's reportable emissions in 2016, 2017 and 2018 divided by 3;
- (b) where a regulated activity began to be carried out at the installation in 2016, the sum of the installation's reportable emissions in 2017 and 2018 divided by 2;
- (c) where a regulated activity began to be carried out at the installation in 2017, the installation's reportable emissions in 2018;
- (d) where a regulated activity began to be carried out at the installation in 2018, the installation's reportable emissions in 2019.

(4) Where a regulated activity began to be carried out at the installation in 2019, the installation's emissions target—

- (a) for the 2021 scheme year is the 2021 estimate multiplied by the reduction factor for the 2021 scheme year;
- (b) for every other scheme year (the "relevant scheme year") in the 2021-2025 allocation period is the installation's reportable emissions in 2020 multiplied by the reduction factor for the relevant scheme year.

(5) Where a regulated activity began to be carried out at the installation in the period beginning on 1st January 2020 and ending on 31st October 2020, the installation's emissions target—

- (a) for the 2021 scheme year is the 2021 estimate multiplied by the reduction factor for the 2021 scheme year;
- (b) for the 2022 scheme year is the 2021 estimate multiplied by the reduction factor for the 2022 scheme year;
- (c) for every other scheme year (the "relevant scheme year") in the 2021-2025 allocation period is the installation's reportable emissions in the 2021 scheme year multiplied by the reduction factor for the relevant scheme year.

(6) In sub-paragraphs (4) and (5), "2021 estimate" means the conservative estimate of annual average emissions referred to in Article 19(4) of the Monitoring and Reporting Regulation 2012 used for the purposes of a monitoring plan submitted under that Regulation and contained in the application for a permit under GGETSR 2012 (see paragraph 1(1)(f) of Schedule 4 to GGETSR 2012).

(7) For the purpose of this paragraph, the reduction factor for a scheme year set out in column 1 of table D is the value set out in the corresponding entry in column 2.

Table D

<i>Column 1</i>	<i>Column 2</i>
<i>Scheme year</i>	<i>Reduction factor</i>
2021	0.8697
2022	0.8461
2023	0.8224
2024	0.7988
2025	0.7751

(8) In this paragraph, a reference to reportable emissions is a reference to reportable emissions (within the meaning of GGETSR 2012 or this Order)—

- (a) verified in accordance with the Verification Regulation 2012 or the Verification Regulation 2018;
 - (b) where relevant, set out in an emissions report accompanied by the notice or declaration referred to in paragraph 3(8)(b)(ii) of Schedule 5 to GGETSR 2012 or paragraph 11(2)(b)(ii) of this Schedule.
- (9) This paragraph is subject to paragraph 14.

Emissions targets for 2026-2030 allocation period

17.—(1) This paragraph applies for the purpose of calculating an installation's emissions targets for the scheme years in the 2026-2030 allocation period under—

- (a) paragraph 11(1)(f)(ii) and (iv);
 - (b) paragraph 21.
- (2) Where a regulated activity begins to be carried out at the installation before 2024, the installation's emissions target for a scheme year is the installation's relevant emissions multiplied by the reduction factor for the scheme year.
- (3) For the purpose of sub-paragraph (2), the relevant emissions of an installation are—
- (a) where a regulated activity begins to be carried out at the installation before 2021, the sum of the installation's reportable emissions in 2021, 2022 and 2023 divided by 3;
 - (b) where a regulated activity begins to be carried out at the installation in 2021, the sum of the installation's reportable emissions in 2022 and 2023 divided by 2;
 - (c) where a regulated activity begins to be carried out at the installation in 2022, the installation's reportable emissions in 2023;
 - (d) where a regulated activity begins to be carried out at the installation in 2023, the installation's reportable emissions in 2024.
- (4) Where a regulated activity begins to be carried out at the installation in 2024, the installation's emissions target—
- (a) for the 2026 scheme year is the 2026 estimate multiplied by the reduction factor for the 2026 scheme year;

Status: This is the original version (as it was originally made).

- (b) for every other scheme year (the “relevant scheme year”) in the 2026-2030 allocation period is the installation’s reportable emissions in the 2025 scheme year multiplied by the reduction factor for the relevant scheme year.
- (5) Where a regulated activity begins to be carried out at the installation in the period beginning on 1st January 2025 and ending on 31st October 2025, the installation’s emissions target—
 - (a) for the 2026 scheme year is the 2026 estimate multiplied by the reduction factor for the 2026 scheme year;
 - (b) for the 2027 scheme year is the 2026 estimate multiplied by the reduction factor for the 2027 scheme year;
 - (c) for every other scheme year (the “relevant scheme year”) in the 2026-2030 allocation period is the installation’s reportable emissions in the 2026 scheme year multiplied by the reduction factor for the relevant scheme year.
- (6) In sub-paragraphs (4) and (5), “2026 estimate” means the estimate of the installation’s reportable emissions in the 2026 scheme year provided under—
 - (a) in the case of a hospital-qualifying installation, paragraph 6(3)(b);
 - (b) in any other case, paragraph 6(6).
- (7) For the purpose of this paragraph, the reduction factor for a scheme year set out in column 1 of table E is the value set out in the corresponding entry in column 2.

Table E

<i>Column 1</i>	<i>Column 2</i>
<i>Scheme year</i>	<i>Reduction factor</i>
2026	0.8882
2027	0.8602
2028	0.8322
2029	0.8043
2030	0.7763

- (8) In this paragraph, a reference to reportable emissions is a reference to reportable emissions—
 - (a) verified in accordance with the Verification Regulation 2018; or
 - (b) where relevant, set out in an emissions report accompanied by the declaration referred to in paragraph 11(2)(b)(ii).
- (9) This paragraph is subject to paragraph 14.

Emissions targets: calculation of later targets where initial targets based on estimates

- 18.**—(1) This paragraph applies where an installation’s emission targets for the scheme years in an allocation period are required to be calculated under—
- (a) paragraph 16(4) or (5);
 - (b) paragraph 17(4) or (5).
- (2) Paragraph 11(1)(f)(i) and (ii) do not require the installation’s hospital or small emitter permit to contain emissions targets for scheme years (the “relevant scheme years”) for which, at the date of issue of the permit, the information required to calculate the emission targets is not available.

(3) As soon as reasonably practicable after the information to calculate the installation's emissions targets for the relevant scheme years becomes available, the regulator must vary the installation's hospital or small emitter permit under paragraph 6 of Schedule 6 by adding the emissions targets.

(4) But sub-paragraph (3) does not apply if the regulator has given a conversion notice to the operator of the installation, the effect of which is that the installation will not be a hospital or small emitter for the relevant scheme years.

Emissions targets: hospital or small emitters must not exceed targets

19.—(1) The operator of an installation must ensure that the installation's reportable emissions in a scheme year for which the installation is a hospital or small emitter do not exceed the emissions target for that year.

(2) This paragraph is subject to paragraph 14.

Emissions targets: banking overachieved target

20.—(1) In this paragraph, an installation's "bankable amount", in relation to a scheme year, means $ET - RE$, where—

ET is the installation's emissions target for that year;

RE is the reportable emissions stated in the installation's emissions report for that year.

(2) But if the installation's emissions target for a scheme year is calculated in accordance with any of the following provisions (emissions targets based on estimates), for the purposes of this paragraph the installation's bankable amount for that scheme year must be treated as zero—

- (a) paragraph 16(4)(a);
- (b) paragraph 16(5)(a) or (b);
- (c) paragraph 17(4)(a);
- (d) paragraph 17(5)(a) or (b).

(3) Subject to sub-paragraphs (5) and (6), where an installation's bankable amount for a scheme year (the "scheme year in question") is greater than zero—

- (a) the regulator may increase the installation's emissions target for the following scheme year (the "next scheme year") by the bankable amount; and
- (b) if the regulator does so, the regulator must vary the installation's hospital or small emitter permit under paragraph 6 of Schedule 6 by substituting the increased emissions target for the existing target.

(4) Subject to sub-paragraph (6), where the amount of reportable emissions stated in the installation's emissions report for the scheme year in question is amended following a determination of emissions under article 45, the regulator must—

- (a) calculate the bankable amount for the scheme year in question as if RE in sub-paragraph (1) were the amount of reportable emissions for that year as amended following the determination; and
- (b) where an increased emissions target for the next scheme year has been substituted under sub-paragraph (3)(b), further vary the permit under paragraph 6 of Schedule 6 by substituting a revised emissions target for that year, based on the revised calculation of the bankable amount under paragraph (a).

(5) Sub-paragraph (3) does not apply if the scheme year in question is—

- (a) the 2025 scheme year;
- (b) the 2030 scheme year.

Status: This is the original version (as it was originally made).

(6) Except where the installation is a hospital-qualifying installation, if increasing the emissions target for the next scheme year would result in an emissions target that exceeds the maximum amount, the emissions target must be increased by such amount as results in an emissions target of the maximum amount.

Emissions targets: targets for 2026-2030 allocation period for hospital or small emitters in 2021-2025 allocation period

21.—(1) This paragraph applies where—

- (a) a hospital or small emitter permit is in force for an installation that contains emissions targets for a scheme year in the 2021-2025 allocation period; and
- (b) the installation is included in the hospital and small emitter list for 2026-2030.

(2) The regulator must, on or before 31st December 2025—

- (a) calculate an emissions target for the installation for each scheme year in the 2026-2030 allocation period; and
- (b) vary the installation’s hospital or small emitter permit under paragraph 6 of Schedule 6 to include those emissions targets.

(3) But sub-paragraph (2) does not apply if the regulator has given a conversion notice to the operator of the installation (the effect of which is that the installation will not be a hospital or small emitter for the scheme years in the 2026-2030 allocation period).

Emissions targets: errors

22.—(1) This paragraph applies where the amount of an installation’s reportable emissions used to calculate the installation’s emission targets (including revised emissions targets under paragraph 20) for scheme years in an allocation period is amended following a determination of emissions under article 45.

(2) The regulator may calculate revised emissions targets for the current and future scheme years in the allocation period and, if the regulator does so, the regulator must vary the installation’s hospital or small emitter permit under paragraph 6 of Schedule 6 to include those emissions targets.

(3) In calculating revised emissions targets under sub-paragraph (2), the regulator may take account of what revised emissions targets for past scheme years in the allocation period calculated under this paragraph might have been if the determination had been made earlier (but may not calculate revised emissions targets for past years).

(4) In this paragraph—

- (a) a reference to reportable emissions used to calculate emissions targets for the 2021-2025 allocation period includes a reference to reportable emissions within the meaning of GGETSR 2012; and
- (b) a reference to a determination of emissions under article 45 includes, in the case of reportable emissions referred to in paragraph (a), a reference to a determination of emissions under regulation 44(3) of GGETSR 2012 or Article 70(1) of the Monitoring and Reporting Regulation 2012.

PART 5

End of hospital or small emitter status

End of hospital or small emitter status: ceasing to meet criteria

23.—(1) Where—

- (a) an installation (other than a hospital-qualifying installation) is a hospital or small emitter for any of the 2021, 2022, 2023, 2026, 2027 and 2028 scheme years; and
- (b) the regulator considers that the installation’s reportable emissions in any of those years exceed the maximum amount,

the regulator must, as soon as reasonably practicable, give a notice (a “conversion notice”) to the operator of the installation.

(2) Where the regulator considers that a hospital-qualifying installation ceases to be an installation that primarily provides services to a hospital in a scheme year (the “relevant scheme year”) for which the installation is a hospital or small emitter, the regulator must, as soon as reasonably practicable, give a notice (a “conversion notice”) to the operator of the installation.

(3) But sub-paragraph (2) does not apply—

- (a) where the relevant scheme year is in the 2021-2025 allocation period and the installation was in operation in any of the 2016, 2017 and 2018 scheme years (within the meaning of GGETSR 2012), if—
 - (i) the installation’s reportable emissions in each of those years did not exceed the maximum amount; and
 - (ii) where the activity referred to in column 1 of the first entry in table C in Schedule 2 (combustion of fuels) was carried out at the installation, the installation’s rated thermal input was below 35 megawatts in each of those years.
- (b) where the relevant scheme year is in the 2026-2030 allocation period and the installation was in operation in any of the 2021, 2022 and 2023 scheme years, if—
 - (i) the installation’s reportable emissions in each of those years do not exceed the maximum amount; and
 - (ii) where the activity referred to in column 1 of the first entry in table C in Schedule 2 (combustion of fuels) is carried out at the installation, the installation’s rated thermal input is below 35 megawatts in each of those years.

(4) Where a hospital or small emitter permit may be revoked under paragraph 12 of Schedule 6, the regulator may instead of revoking the permit give a notice (a “conversion notice”) to the operator of the installation.

Conversion notices

24.—(1) A conversion notice must—

- (a) set out the grounds for the notice;
- (b) state that the installation is not a hospital or small emitter for the scheme year following the year in which the notice is given;
- (c) state that the operator must comply with the conditions of a greenhouse gas emissions permit from 1st January (the “date of conversion”) in the scheme year following the year in which the notice is given;
- (d) state that the operator must apply to vary the monitoring plan to comply with the requirements of a greenhouse gas emissions permit.

Status: This is the original version (as it was originally made).

(2) Where a conversion notice is given, the regulator must convert, with effect from the date of conversion, the installation's hospital or small emitter permit (if any) into a greenhouse gas emissions permit by varying it under paragraph 6 of Schedule 6 so that the provisions of the permit are replaced by provisions that satisfy the requirements of paragraph 4 of Schedule 6.

(3) But if the regulator considers that the operator will not be capable of monitoring and reporting the installation's reportable emissions in accordance with the monitoring and reporting conditions of a greenhouse gas emissions permit, the regulator must revoke the permit under paragraph 12 of Schedule 6 instead of converting it.

(4) When varying a permit, the regulator may make only such variations as the regulator considers necessary in consequence of the installation ceasing to be a hospital or small emitter.

(5) The conversion of the permit does not affect the obligations of the operator under the permit in respect of specified emissions before the date of conversion.

End of hospital or small emitter status: ceasing to meet criteria: publication

25.—(1) The regulator must, as soon as reasonably practicable, inform the UK ETS authority about each installation in respect of which a conversion notice is given.

(2) The UK ETS authority must, from time to time, publish the information referred to in sub-paragraph (1).

End of hospital or small emitter status: end of allocation period

26.—(1) The regulator must, on or before 31st May 2025 give notice to the operator of an installation to which sub-paragraph (2) applies—

- (a) stating that the operator must comply with the conditions of a greenhouse gas emissions permit from 1st January 2026; and
- (b) requesting the operator to submit any proposed changes to the monitoring plan approved in relation to the installation under Articles 11 to 13 of the Monitoring and Reporting Regulation 2012 or Articles 11 to 13 of the Monitoring and Reporting Regulation 2018 to the regulator on or before 30th September 2025.

(2) This sub-paragraph applies to an installation that is a hospital or small emitter for the 2025 scheme year other than an installation that is included in—

- (a) the hospital and small emitter list for 2026-2030; or
- (b) the ultra-small emitter list for 2026-2030.

(3) Where a notice under sub-paragraph (1) is given, the regulator must convert, with effect from 1st January 2026, the installation's hospital or small emitter permit (if any) into a greenhouse gas emissions permit by varying it under paragraph 6 of Schedule 6 so that the provisions of the permit are replaced by provisions that satisfy the requirements of paragraph 4 of Schedule 6.

(4) But if, after the date referred to in paragraph (1)(b), the regulator considers that the operator will not be capable of monitoring and reporting the installation's reportable emissions in accordance with the monitoring and reporting conditions of a greenhouse gas emissions permit, the regulator must revoke the permit under paragraph 12 of Schedule 6 instead of converting it.

(5) When varying a permit, the regulator may make only such variations as the regulator considers necessary in consequence of the installation ceasing to be a hospital or small emitter.

(6) The conversion of the permit does not affect the obligations of the operator under the permit in respect of specified emissions before 1st January 2026.