STATUTORY INSTRUMENTS

2026 No. 214

CLIMATE CHANGE

EMISSIONS TRADING

The Greenhouse Gas Emissions Trading Scheme Auctioning (Amendment) Regulations 2026

Made - - - -	*4th March 2026*
Laid before the House of Commons - - - -	*5th March 2026*
Coming into force - -	*8th April 2026*

The Treasury make these Regulations in exercise of the powers conferred by section 96 of the Finance Act 2020(**1**).

Citation, commencement and extent

1.—(1) These Regulations may be cited as the Greenhouse Gas Emissions Trading Scheme Auctioning (Amendment) Regulations 2026.

(2) These Regulations come into force on 8th April 2026.

(3) These Regulations extend to the United Kingdom.

Amendment of the Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021

2.—(1) The Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021(**2**) are amended as follows.

(2) In regulation 2 (interpretation), in the definition of "auction reserve price" for "regulation 6(9)" substitute "regulation 6(13)".

(3) In regulation 6 (auction clearing price and resolution of tied bids)—

(a) In paragraph (9)—

(i) for "For the purposes of these Regulations" substitute "Subject to paragraphs (9A) to (9E)";

(ii) for "£22" substitute "£28";

(**1**) 2020 c. 14.
(**2**) S.I. 2021/484 as amended by S.I. 2021/513; there are other amending instruments but none is relevant.

(iii) omit the words from "or" to the end;

(b) after paragraph (9), insert—

"(9A) The auction reserve price will increase on 1st January 2027 and annually on 1st January in accordance with the following formula—

$$A(1+\frac{B}{100})$$

where—

A is the auction reserve price as at the preceding 31st December, and

B is the most recent annual GDP deflator figure.

(9B) Where an auction reserve price calculated in accordance with paragraph (9A) includes a fraction of a penny, it is to be rounded up to the nearest whole penny.

(9C) If the most recent annual GDP deflator figure is 0 or a negative number, the auction reserve price will not be calculated in accordance with paragraph (9A) on 1st January but will instead remain unchanged.

(9D) In any year the Treasury may by direction specify the auction reserve price as any sum that the Treasury consider appropriate.

(9E) Where the Treasury make a direction under paragraph (9D), the auction reserve price will be uprated in accordance with paragraphs (9A) to (9C) from the following 1st January, unless otherwise specified in that direction.";

(c) In paragraph (10), for "paragraph (9)" substitute "paragraph (9D)";

(d) After paragraph (11), insert—

"(12) For the purposes of this regulation—

"most recent annual GDP deflator figure" means, as at the preceding 31st July, the annual 'gross domestic product at market prices: implied deflator' figure for the United Kingdom, which is available and published—

(a) by the Office for National Statistics,

(b) within the most recent quarterly national accounts, and

(c) under dataset identifier IHYS(**3**).

(13) A reference in these Regulations to the "auction reserve price" is to the auction reserve price determined in accordance with paragraphs (9) to (9E).".

Gen Kitchen
Taiwo Owatemi
Two of the Lords Commissioners of His Majesty's Treasury

4th March 2026

(**3**) The most recent annual GDP deflator figure is available at https://www.ons.gov.uk/economy/grossdomesticproductgdp/datasets/uksecondestimateofgdpdatatables/. Historically, the most recent annual GDP deflator figure on 1st January of any year, as at the preceding 31st July, has been published between 28th June and 1st July, under the title 'Quarter 1 (Jan to Mar) [year], quarterly national accounts edition of this dataset'.

EXPLANATORY NOTE

(This note is not part of the Regulations)

These Regulations amend the Greenhouse Gas Emissions Trading Scheme Auctioning Regulations 2021 (S.I. 2021/484) to update the auction reserve price to reflect inflation since the introduction of the scheme. These Regulations additionally introduce an automatic annual uplift to the auction reserve price from 1st January 2027, calculated by reference to the annual GDP deflator figure published by the Office for National Statistics.

An impact assessment of the effect that these Regulations will have on business, the voluntary sector and the public sector is available from the Department for Energy, Security and Net Zero at 55 Whitehall, London SW1A 2HP, and is available alongside this instrument on www.legislation.gov.uk.