REA response: Integrating Greenhouse Gas Removals in the UK Emissions Trading Scheme

The REA (Association for Renewable Energy & Clean Technology) is pleased to submit this response to the above consultation. The REA represents a wide variety of organisations, including generators, project developers, fuel and power suppliers, investors, equipment producers and service providers. The REA has dedicated member forums focused on biomass power, biomass heat, green gas and hydrogen, renewable transport fuels, thermal storage, and energy from waste (including advanced conversion technologies). Members range in size from major multinationals to sole traders. There are around 500 corporate members of the REA, making it the largest renewable energy trade association in the UK.

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Principles for policy design

1. **Do you agree with the Authority's principles for policy design?**

Broadly yes, although we think the principles below should be added. These include:

- *Maintain existing assets which can deliver carbon removals in future* – the government's position is to begin integrating GGRs into the UK ETS from 2028. While we support the principle of integration as soon as possible, timescales need to align with actual GGR projects, like the delivery of BECCS at scale for example, currently expected to start coming online from 2029. However, several relevant assets face an uncertain future as their existing contract arrangements under the renewables obligation start to come to an end from 2027 onwards, and at present, there is still a lack of clarity about the government's intention to maintain such assets. Explicit reference in the design of the ETS that helps to provide confidence to maintain generating assets that will, through retrofitting BECCS, deliver carbon removals in future will help to progress projects, while continuing to deliver low carbon power in the interim.

- *Ability to integrate with Voluntary Carbon Market (VCM)* – an overarching principle should include careful integration with the VCM, which would improve competition, international trading, and long-term demand and market development. We recognise this will need to be done carefully to avoid double counting of GGRs and ensure it does not undermine the ability of obligated parties to meet their emissions requirements, should there be a shortage of credits in the UK ETS. Please see our response to question 3 which provides more detail on how this could be achieved.

- *Support related market mechanisms -* integration should be designed to work alongside the design of the GGR, Power BECCS, ICC, and Low Carbon Hydrogen Business Models.

- *Neutrality on technology* – while implied in several principles, government should be explicit about encouraging the development, and purchase of a range of GGR technologies (including both engineered and applicable nature-based solutions), recognising that we will need them all to see substantial carbon removals realised as well as the delivery of a range of solutions to avoid dependence on one technology and encourage price competitiveness to reduce costs.

- *International alignment* – design should recognise scope for potential future integration or linking with other emissions trading schemes, like the EU ETS for example.

Cap

2. **Do you agree the Authority should maintain the gross cap for initial integration of GGRs in the UK ETS (Option 2)? Please explain your answer.**

Yes, in the short-term, we agree that option two – maintaining the gross cap for GGRs – is most appropriate as this will allow the market to develop and ensure GGRs are available at the scale required for hard-to-abate sectors in future. This option also enables emitters to decarbonise more quickly and efficiently, by utilising both emissions removals and investing in emissions reduction.

However, we support a move to option three – setting a new cap - within a reasonable timescale to continue driving GGR demand and reducing risk as supply becomes clearer. It will also be important to differentiate between credits offering carbon reduction and carbon removal. We agree that option one would not work, as this would merely create more allowances, failing to recognise the difference and therefore undermining the value of GGRs.

We also stress that amendment to the cap should also be aligned with proposals currently being considered in other ETS related consultations. For example, the consultation considering the expansion of the ETS to waste also proposes a number of changes to the cap. While the proposed changes do not necessarily contradict each other, it is important that industry is able to consider the changes, especially as both are currently proposed to start in 2028. In response to both consultations there should be clarity how the proposals relate to each other and what the overall impact will be for ETS parties.

3. **How can the UK ETS sustain demand for GGRs in the long-term, taking into account the consideration of setting a new cap (Option 3)?**

While we agree that option three could be a suitable cap design for the long-term integration of GRRs in the UK ETS, in the immediate term, government should focus on developing the right design for initial integration of GGRs into the ETS. For example, under option two, emitters will have the option to buy ETS or GGR allowances. In the future, the purchase of GGRs could be made a mandatory requirement of meeting emissions obligations and could increase over time. This could be particularly important if there are still some sectors that have not been integrated into the UK ETS. Ensuring there is a clear plan of transition between option two and three (if that is the chosen option in future) will also help build confidence in both current and future market design.

In addition, and as set out in response to question 1, initial integration of GGRs into the UK ETS must align with the design of the GGR, Power BECCS, ICC, and hydrogen business models. Developing the right structures to ensure the efficient functioning of interrelated market mechanisms is crucial to support the investment and development of large-scale GGR projects.

Similarly, we believe careful integration with the VCM would help to create more competition and encourage more international trading opportunities. However, we recognise there may be a large number of non-obligated parties wishing to buy carbon removals so integration must be done carefully, to ensure there is no double counting of GGRs and does not undermine the ability of obligated parties to meet their obligations. In recent years, several standards for the verification of carbon removals within the voluntary carbon market have developed. For the most part these are set by recognised and independent carbon credit standards setters such as the Gold Standard, CCS+ and Verra. This includes the development of MRV protocols for these markets.

This work has provided a useful starter for ten for the UK ETS. However, as a government backed mechanism, it is essential that GGR methodologies used in the UK ETS are both rigorous and appropriate to the sector they are serving. What is set out by Government will also influence and provide greater rigour to the voluntary market, setting the benchmark for standards in the UK and likely influencing the development of international GGR markets.

As such, creating opportunities for UK ETS market participants to interact with the voluntary market is critical. However, this will need careful accounting and likely require the establishment of suitable registers of credits to ensure that there is no double counting between markets. The design of GGRs within the UK ETS should set the expectation from the start that in the medium to long term it aims to interact with other GGR markets.

Allowance design for GGRs

4. **Do you agree that GGR allowances in the UK ETS should be issued ex-post (i.e. after the removal has taken place and been verified)? Please explain your answer.**

Yes. We agree with the government position that ex-post is preferrable, particularly as this will build confidence in the market and provide transparency to consumers, which is critical if we are to integrate GGRs successfully and develop the market. We also agree that being able to verify the removal or reduction has happened is more environmentally robust.

However, it is likely that future GGR projects will have long-term contracts with purchasers at a specified GGR price. The ex-post approach does therefore introduce some risk for developers, should their GGRs be later deemed ineligible for inclusion in the UK ETS. This risk will need to be carefully considered in contracts. One option might be to guarantee eligibility criteria and standards for an appropriate duration, to allow developers to sell their GGRs and give them time to transition should any changes be introduced in future. A second option might be for the GGR operator to deliver ex-post GGRs to the Authority, removing the risk from the developer and purchaser entirely. The Authority could choose to hold the GGRs for future use or use them as the underlying basis for auctioning UK removals. At the same time, the GGR generator should still be able to sell in the VCM, should it wish to do so.

5. **Does the Authority need to consider any additional measures for the UK ETS to ensure GGR operators are able to arrange offtake agreements? If yes, please provide specific details of which measures should be considered.**

As above, one option is for the government to act as an intermediary acting as an off taker in the open GGR market prior to any auctioning of GGRs in the ETS. This would provide a strong demand signal for other off takers to engage with GGR developers.

A price floor for GGRs at the UK Allowances (UKA) price should also be considered by the Authority. It is possible under the proposals in this consultation that GGR allowances could trade for a lower value than a UKA. Whilst the UKA price is unlikely to be sufficient to cover the cost of GGR development alone, a price floor would provide a lower limit to the revenue range for GGR developers, improving the bankability of their projects and partly addressing investment risk.

The Authority should also consider how the negative emissions market is likely to develop in some sectors, with options for carbon capture and utilisation potentially coming before storage, providing early and important offtake agreements. The ETS should be aware of this and support such projects given the potential to help establish the market and deliver more storage options. For example, carbon utilisation within building materials has a high permanence and could be rewarded a GGR credit, enabling development of the sector, albeit possibly with a suitable equivalence ratio determining the value of the credit.

Given that methane is a far more potent greenhouse gas than CO_2[1], the Authority may also want to consider paying a higher price for technologies offering greater abatement, for example methane abatement. This would also help to establish a market for that. Again, a suitable equivalence ratio may work well in this instance.

In addition, the Authority should provide detailed guidance to obligated parties about the differences between GGRs and UKA and how to use both. Early modelling on market price should also be undertaken as soon as practicable, as this will impact both developers and obligated parties.

6. **Does the Authority need to consider any specific measures for smaller scale GGR operators, including smaller scale landowners if woodland is included in the scheme? If yes, please provide specific details of which measures should be considered.**

Yes. The Authority should provide a clear route to market for smaller scale operators to sell GGRs to obligated parties. For example, this could include auction-based

[1] 28 times more potent over 100 years and 80 times more potent over 20 years (sources: IPCC and Global Methane Pledge)

mechanisms, while recognising that these smaller operators are unlikely to have taken part in auctions previously and may not have trading desks.

Equally, as mentioned in question 5, smaller scale GGR operators may seek a carbon utilisation pathway initially, as geological storage options become more established. We encourage government to consider what forms of carbon utilisation where some form of permanence is achieved, such as biochar or carbon locked in building materials, could also be rewarded some level of GGR credit. This would support these capture routes and ensure their early involvement in the ETS.

Finally, alignment between the development of Non-Pipeline Transport and GGR ETS policy, especially on issues like MRV is required. We would encourage DESNZ to ensure there is joined up thinking between these related consultations.

7. **Who should receive the GGR allowance? Please consider whether this would also apply for GGRs that involve multiple actors in the value chain and provide examples.**

This will largely depend on the market structure adopted by the Authority, but we suggest that for removals like BECCS and Biochar, it would be most appropriate for the operator/developer of the capture asset to receive the allowance, against certified removals.

For land-based capture – for example, enhanced rock weathering – the landowner or farmer using the products would likely be most appropriate to receive the allowance.

8. **Should allowances from GGRs be differentiated from UKAs and, if so, how?**

Yes, some level of differentiation should be introduced, recognising that ultimately a tonne of carbon removed from the atmosphere is fundamentally different from a tonne reduced.

As such, we believe the second option – generic GGR allowance – could be used initially, to help get the market going and build confidence amongst obligated parties. Differentiating down to the level of specific technologies is likely to fragment and reduce liquidity in the market, at least initially. Differentiating between removals and UKA sends a clear signal to the VCM that removals are clear, distinct, and valuable. This differentiation would also make it easier to transition to option three or similar in future.

9. **Do you think that differentiated GGR allowances would attract a higher price than existing emissions allowances and why? To what extent does this depend on the degree of differentiation (e.g. a generic GGR allowance versus a technology specific GGR allowance)?**

We believe it is important to differentiate between removal and reduction, as well as different levels of permanence, which could be achieved by some form of

banding/equivalence ratio of GGR allowances. Without this level of differentiation, it is likely that projects will look to enter bilateral agreements, outside the auction process. Ultimately, there's a balance to be struck between providing as much transparency as possible, without creating barriers or adding complexity to a nascent market. As such, a further consideration might be to provide guidance on what other information should be attached to GGRs, for example any biodiversity benefits.

If the permanence framework is designed to support the integration of removals with geological storage, which generally have higher capex costs compared to nature-based removals, then there should be a price differentiation. Without one, there is a risk of unintentionally making industry less competitive by inflating the price of UKAs.

10. **Will differentiated GGR allowances encourage non-compliance or non-trading entities to purchase these allowances?**

As all sectors of the economy seek to reduce emissions, there is likely to be increasing interest in the purchase of robust GGR credits within mandated compliance markets in future. The expansion of the UK ETS – currently reviewing the inclusion of energy from waste - will create a larger, more liquid market in which to sell credits, therefore we would support the expansion of sectors covered by the UK ETS over time.

Clear criteria for approving robust removals and an ex-post verification process, will help strengthen the market. However, it is important that generators can trade credits and GGR allowances in both the UK ETS and a carefully integrated VCM, provided there are checks and balances in place to ensure no double counting can take place. We recognise that integration with the VCM could result in more non-trading entities trading in a non-compliant way, but if integration is handled carefully, this can be avoided. This can also be managed by it being clear that the GGR ETS credit is either granted or validated at the point that it is sold into the ETS market, and not before. This will mean non-compliance or non-trading entities are free to buy the credit without direct impact on the ETS volumes itself.

In addition, to develop this market in the first place, investors need confidence in the supply of projects. Differentiating between removals and UKAs by either inflating the price of UK removals over UKAs or by setting a price floor for both could help drive demand and investment.

11. **What should the Authority's role be in facilitating a route to market for allowances from GGRs?**

Separate auctions for generic GGRs would help drive price discovery, which is particularly important as the market is developing. However, we also think that operators who meet the UK ETS requirements should be able to sell allowances to buyers on the secondary market. These options do not need to be mutually exclusive.

The Authority could also mandate that emitters purchase a set proportion of UK removals, setting the proportion at the same rate as the supply in the market and

increase the requirements for UK removals over time and in line with the overall supply of GGRs in the UK ETS as the market develops.

12. **Do you agree that allowances should only be awarded to UK-based GGRs? We welcome views from all stakeholders including sector-specific considerations. Please explain your answer.**

The integration of GGRs into the UK ETS should align with and complement the design of the GGR and Power BECCS Business Model. As such, any cap allowance for UK removals should be designed to accommodate the volume of credits that will be coming online from 2030 that could be sold via the UK ETS.

To drive the growth of the UK market, we agree that initial eligibility should be limited to domestic projects only, where capture and storage of CO2 takes place in the UK. That said, if there is disparity between the supply and demand of GGRs, then looking beyond the UK (provided the market has robust MRV requirements in place) may help to meet UK demand. The design of GGR integration in the UK ETS should be evolved over time, in collaboration with industry, as markets develop. For example, aligning with other, compliant markets like the EU ETS should form future discussions and be explored at the earliest opportunity (likely to be after the European Commission concludes its work on integrating GGRs into the EU ETS).

Permanence

13. **Do you agree with the proposed permanence framework of both a minimum storage period, a liability measure and a fungibility measure? Please explain your answer.**

We broadly agree with the framework on liability and fungibility measures, although more clarification is needed in relation to minimum storage periods. If the Authority sets a sufficiently high minimum storage period, this could negate the need for liability measures like buffer pools which are aimed at projects with higher risks of reversal. Equally, another option is to recognise the risk of reversal is significantly higher in nature-based solutions, than in engineered removals. As such, nature-based solutions included in the UK ETS could be subject to a discount rate. This would ensure those removals are recognised as robust and meaningful in the fight against climate change but also account for the higher reversal risk.

Another option may be to only integrate engineered removals initially (from 2028) recognising the added complexity of nature-based solutions, but with a statement of intent to integrating them after a certain period, for example, five years. If the Authority takes this approach, a clear timeline will need to be provided to nature-based providers, to give them confidence of market integration in the early to mid-2030's.

Lastly, and as set out in response to question 1, the Authority should look to, as far as possible, align UK and EU thinking on MRV and robust standards, with the goal longer term of ensuring cross border collaboration and investment.

14. What minimum storage period duration should the Authority set for GGRs entering the UK ETS? Please explain your answer.

As recognised in the Oxford principles[2], offsets will increasingly need to come from activities that store carbon permanently, with very low risk of re-release into the atmosphere. In their paper, they define long-lived storage as *"methods of storing carbon which have low risk of reversal over centuries to millennia."*

Therefore, and particularly with engineered removals in mind, a minimum storage duration of 1000 years could be appropriate. In addition, a net zero aligned portfolio of offsets must increase the portion of carbon removals over emission reductions, and the portion of long-lived storage over short-lived storage, over time.

In addition to our response to question 13, if engineered and nature-based removals are both integrated from 2028, then two allowance rates could be introduced – a lower rate for removals offering less than 1000 years permanence and a higher rate for those above that threshold. This would enable investment in both solutions and contribute to our wider net zero goals, while differentiating between levels of permanence.

15. How should the Authority manage potential reversal events from GGRs? Please consider the liability options outlined above, whether any options exist that have not been considered, and how the potential liability options could be used together or in sequence.

Please see our response to questions 13 and 14. In the business model, the liability transfers to the Transport and Storage (T&S) operator at the point of injection and as per the current draft network code, any leaked carbon belongs to T&S operator. As such, we expect T&S operators to have sufficient insurance to cover risk of leakage.

16. Where should the liability for any re-release of stored emissions apply if there are multiple actors in the GGR value chain?

Please see our response to question 15. In the case of stored emissions, liability should fall with the T&S operator at the point of injection, in line with the current liabilities in the business model. Placing the onus on the purchaser would create too much risk, potentially undermining the GGR market.

17. Should the liability measure differ if the GGR is also subject to a fungibility measure? For example, if the reversal event was avoidable (i.e. within the control of the GGR operator) or unavoidable (i.e. due to factors outside of control of GGR operator).

[2] University of Oxford, (2020), *"The Oxford Principles for Net Zero Aligned Carbon Offsetting"*, https://www.smithschool.ox.ac.uk/sites/default/files/2022-01/Oxford-Offsetting-Principles-2020.pdf

Provided there are sufficient minimum storage periods, this should negate the need for multiple further measures, coupled with liability already accounted for in existing regulations.

18. **Should the Authority use a buffer pool or equivalence ratio?**

Please see our response to questions 13 and 15. It may be appropriate to initially limit the type of removals integrating into the UK ETS – for example, engineered removals which already have a low risk of reversal and high rate of permanence could be integrated first, with a view to expanding to include nature-based removals once the market is suitably established (after five years). That is not to say we don't recognise the value and importance of both natured based and engineered removals, but for the purpose of simplicity and time, and provided the minimum storage periods are significant, this may be a solution that would initially remove the need for any additional measures, like buffer pools or equivalence ratios.

If, however, the Authority is still minded to introduce an additional measure, the REA would support the introduction of an equivalence ratio, which differentiates between removal and reduction, and periods of permanence. We believe a buffer pool would hinder market development, adding risk for developers which could undermine the commercial viability of a project, and that could in turn result in some technologies or projects not entering the market in the first place, reducing the options for purchasers, driving costs up, and potentially hampering our net zero ambitions.

19. **How could the Authority set the contribution rate for a buffer pool? Should this be a flat rate contribution across all applicable projects, or should this vary per project?**

Please see our response to question 18. The REA does not believe that a buffer pool approach is optimal as this is likely to introduce too much commercial risk to a project. However, should a buffer pool be implemented, the rate of contribution should vary according to each project and be commensurate with each project's scientifically established risk of reversal.

20. **Which factors should be considered when determining the appropriate contribution rate for a buffer pool?**

As set out in response to question 19, we believe the scientifically established risk of reversal for each project should determine appropriate buffer pool rates.

21. **How should the Authority decide which GGRs would be required to contribute to a buffer pool and at what level any threshold should be set for contributions?**

As stated in response to question 18, the REA does not believe a buffer pool is the optimal solution, but should government be minded to introduce one, then the requirement should relate to permanence and risk of reversal rates. Those with lower

permanence rates (below 1000 years for example) or at higher risk of reversal within that same timeframe, should pay into the buffer pool.

22. **Should buffer pool contribution rates remain fixed over time or could they vary? If they vary how should this be assessed? For example, the Authority could require projects to contribute depending on an assessment of risk at each verification period, and this could change over time.**

On the basis that contribution rates are based on reversal, then it would be appropriate to review the latest scientific evidence periodically and reflect changes considering the latest science evidence for the reversal risk of that technology.

23. **How could the Authority design equivalence ratios?**

Nature based solutions, for the most part, may already be at a price point that allows for quick deployment but there are clear issues around them being able to deliver permanence of storage and providing additionality. By contrast, engineered solutions are more expensive, requiring additional support for deployment, but with geological storage could see far greater levels of permanence. As such, and as set out in response to previous questions, another option may be for the Authority to integrate engineered removals initially, with a view to introducing nature-based removals at a later date. In our view, if the Authority was to do this, then there would be no need to introduce additional liability measures, either buffer pools or equivalence ratios. Once the market is more established, the Authority could then consult on the liability measures required for integrating nature-based removals.

However, should the Authority wish to integrate both removal types at the same time, then the first step is to ensure strong standards and methodologies for each form of GGR so that their quality can be assured from the outset through strict definitions. These can be designed around the Oxford Principle's for Net Zero Aligned Carbon Offsetting.

Once the nature of different GGRs is suitably defined and assured, then mechanisms within market design can be used to appropriately reward different forms of GGRs. A volume-based derating (or discounting) system based on the level of permanence achieved could be used. In such a system, those with lower levels of permanence could receive only a proportion of a single GGR unit. As a result, cheaper but less permeant solutions still receive a benefit, but not as much as the more expensive, but more permanent, geological storage solutions. This can also be expected to lead to market participants seeking a portfolio of GGRs meet their obligation.

This sort of derating system is preferrable to a blunter permeance threshold which could exclude some GGR technologies from the market, while also creating a benchmark above which there is little advantage for longer permanence technologies to innovate or improve. We believe a banding exercise based on expected permanence would be most appropriate and simple to design.

24. **Which inputs should be used in determining the appropriate equivalence ratios?**

Expected permanence (timeframe of allowance).

25. **Should these equivalence ratios be fixed over time or regularly reviewed and amended?**

Ratios should be reviewed over time, to ensure banding remains accurate as technologies develop.

26. **Should new ex-post woodland units generated in line with UK Woodland Carbon Code standards be considered for inclusion in the UK ETS? Please base your response on the evidence outlined around permanence, costs and wider land management impacts, and on the policy options outlined in the rest of this consultation.**

As set out in previous questions, ex-post woodland units of new growth could be considered for integration within the UK ETS but on the same basis as other nature-based solutions. This means they should either subject to a strict banding exercise, which takes into account risk of reversal and permanence, or integrated at a later date, alongside other nature-based solutions.

27. **If the Authority does include new ex-post woodland units generated under the UK Woodland Carbon Code in the UK ETS, should any changes be made to the Woodland Carbon Code? For example, this could include changing the 20% flat-rate buffer contribution, or changes to the MRV and measures to mitigate wider land management impacts. Details of the woodland carbon code can be found here: https://woodlandcarboncode.org.uk/standardand-guidance**

The REA does not have sufficient data to answer this question.

28. **If the Authority does include new ex-post woodland units generated under the UK Woodland Carbon Code in the UK ETS, should any measures be taken to mitigate potential social and cultural impacts? Please provide details of the impacts, including consideration of impacts on different land ownership models, and potential measures.**

The REA does not have sufficient data to answer this question.

29. **Do you agree with the Authority's assessment of peatland restoration?**

The REA agrees in the short-term but as more peatland restoration takes place, and demand and usage for peat falls, we would expect it to be included in the UK ETS.

Pathway to integration

30. Do you agree with the Authority's assessment that, by maintaining the gross cap on emissions, additional controls could be used to target wider impacts but not mitigation deterrence?

Government should focus on ensuring that projects deliver robust, verified removals. The biggest risk to the development of the GGR market is lack of demand, so measures that might to look to restrict that demand should not be introduced.

In the short-term, GGRs will play a role in supporting emitters decarbonise, while also encouraging them to invest in emissions reduction solutions. In the longer-term, GGRs will play a critical role in addressing the residual emissions for hard-to-abate sectors.

31. To what extent will GGR operators seek to sell into voluntary markets and will this provide a control on GGR supply entering the UK ETS?

Operators will want to sell into both markets if they are incentivised to do so and as long as there are checks and balances in place to ensure double counting cannot take place, they shouldn't be discouraged from doing so. MRV standards for the voluntary and ETS markets should be as closely aligned, but where there is differentiation, this may encourage purchasers to buy government 'endorsed' removals.

That said, and as stated earlier, if operators do sell into both the UK ETS and VCM, there could be a situation where supply within the ETS is limited, preventing obligated parties from meeting their emissions requirements, we recognise this will need to be managed carefully. However, we do not see that as a reason not to enable operators to sell into both markets, especially if a GGR credit is only issued or validated when the negative emission is sold into the ETS itself, as opposed to the voluntary market.

Finally, consideration of proposals here must also align with other UK ETS proposals, such as the expansion to waste, and wider mechanism designs such as the power BECCS or GGR business model, and evolution of the CfD.

32. Should the Authority consider the use of demand controls to target any impacts other than mitigation deterrence?

To support deployment of GGRs at the scale required to meet emissions reductions targets, there must be sufficient demand. However, given the recent trading prices of UKAs and costs of GGR projects, there are likely to be significant price discrepancies between UKA's and removals. The market is too immature to be able to differentiate between a UKA and removal, and as such, demand controls, in the form of floors or quotas, are likely to be needed to obligate emitters to purchase a set proportion of removal allowances, similar to how the aviation sector has been mandated to support Sustainable Aviation Fuel (SAF).

Over time, the overall cap could be reduced as the percentage of UK removals increases. This would provide price certainty as well as potential tax revenue to government, should an ETS company not be able to buy GGRs initially.

33. **Do you agree with the Authority's minded to position to adopt supply controls to target other objectives, such as phasing GGR integration or addressing market impacts? Please consider how supply controls can be used in a way that is compatible with providing a strong demand signal for GGRs.**

Please see our response to question 32. If the Authority adopts demand controls, like those suggested above - mandating emitters to purchase GGRs - this should negate the need for further controls.

34. **What would be the optimal timing for GGRs to be integrated into the UK ETS, taking into account the considerations set out above? Please explain your answer with reference to impacts on both the UK ETS and GGR deployment.**

The REA supports the intention to integrate GGRs into the UK ETS as soon as possible as this will provide the strongest possible signal to market and get the sector moving. However as mentioned in response to question 1, timing should also be aligned with actual GGR projects delivery, including the delivery of BECCS at scale, currently expected from 2030, and the inclusion of energy from waste into the UK ETS, currently being consulted on and expected in 2028.

The Authority could introduce voluntary GGR purchases for emitters, before making them compulsory. This could be done for a short period of time, to ensure a sufficient supply of GGRs in the market. In addition, Government should provide clarity on when the various CCS pipelines will be ready, to ensure careful sequencing.

The main aim is to create a self-sustaining market, with projects progressing without government support. The earlier GGRs are integrated into ETS, the sooner the GGR market will be reliable, and pricing may become more stable, a key condition for underpinning investment.

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