



4 December 2025

ANOTHER EMISSIONS TRADING SCHEME FOR MARITIME - MORE DETAILS ON THE UK ETS

In a previous update [we reported on policy decisions made by the UK Government which, if enacted as law, will lead to new emissions costs for vessels sailing to, from and between United Kingdom ports from 1 July 2026. On 25 November 2025, the UK Government communicated further policy decisions adding detail to its proposed expansion of the UK Emissions Trading Scheme \(ETS\) to include emissions from maritime.](#)

The newly published details include:

- + confirmation of a tonnage threshold of 5,000 GT, subject to review in 2028 when it may be lowered to 400 GT;
- + confirmation there will not be a *de minimis* threshold for emissions, subject to review in 2028 – this means all emissions falling within scope of the scheme will incur costs;
- + confirmation of a simplified monitoring approach for ships conducting more than 300 similar domestic voyages per year;
- + clarification that emissions on voyages between mainland UK and Northern Ireland will be subject to 50% inclusion rather than 100% – this is to achieve consistency of carbon pricing as compared to voyages between mainland UK and the Republic of Ireland;
- + clarification that emissions from international voyages will be included in the future, potentially from 2028 – this is a particularly important development driven by the prospective linking of the EU ETS and UK ETS and postponement of the adoption of the IMO NZF, although subject to further consultation and negotiations with the EU;
- + confirmation of exemption for ferry services to Scotland's islands and to peninsular communities – this is to avoid negative impacts on remote communities and is subject to review in 2028;
- + confirmation of exemption for fish processing and fish catching vessels – this is to maintain parity with the EU ETS and is subject to review in 2028;
- + delayed inclusion, from 1 July 2026 to 1 January 2027, of offshore vessels – meaning offshore vessels will fall within the UK ETS and EU ETS for the first time at the same time;



- + delayed surrender, from 30 April 2027 to 30 April 2028, of allowances for emissions in 2026 – this means the first surrender deadline under the scheme will relate to 18 months of emissions and is intended to give entities more time to establish the necessary digital systems and purchase allowances; and
- + no requirement for authorities to issue, or vessels to carry, a document of compliance – consequently, there will be no port state control mechanism and compliance will be managed by through the UK ETS management system and UK ETS registry.

As we have advised previously, shipping entities will need to respond by quickly adapting their compliance and contractual regimes to accommodate the UK ETS. Although at a time when draft legislation, technical details, and administrative systems are under construction (and, given the tight timeframe may remain so even beyond the start date) this will not be straightforward. Nonetheless, as costs in respect of emissions produced from 1 July 2026 onwards will be payable, entities will need to take action if they are to avoid the risks of non-compliance and non-recovery of costs from contractual counterparties. This applies to registered owners in particular, on whom the compliance obligations will initially fall.

Furthermore, although there is ongoing consultation as to how emissions from international voyages will be included within the UK ETS, it should be noted that the UK Government's decision to include emissions produced in UK ports will bring vessels performing international voyages within the scheme from the outset, regardless of the outcome of that consultation.

For the offshore industry, the deferral of entry into the UK ETS until 1 January 2027 should be positive, in so far as it means vessels operating from the UK should not be exposed to significantly different ETS costs to those operating from the EU, meaning cost-based incentives to restructure operations should be minimised. However, it remains to be seen whether offshore vessels will be defined equivalently across the two schemes or whether there will be discrepancies leading to some vessels falling with UK ETS ahead of the EU ETS. Additionally, the different cost of allowances and any differences in the treatment of international voyages between the two schemes may yet to lead to disparities.



UPDATED SUMMARY

Key features of EU ETS vs. proposed UK ETS

	EU ETS	UK ETS
Compliance entity	Registered owner with option to shift to ISM company	Registered owner with option to shift to ISM company
Start date	1 January 2024	1 July 2026 1 January 2027 for offshore ships
Reporting period	1 January to 31 December	1 July to 31 December in 2006 Thereafter 1 January to 31 December
Included vessels	From 1 January 2024 vessels 5,000GT and above carrying cargo or passengers for commercial purposes From 1 January 2027 offshore vessels 5,000GT and above	From 1 July 2026 vessels of 5,000GT and above performing maritime activities From 1 January 2027 offshore vessels 5,000GT and above* *definition of offshore vessels TBC
Excluded vessels	<ul style="list-style-type: none">+ Warships+ Naval auxiliaries+ Fish-catching or fish-processing ships+ Wooden ships of a primitive build+ Ships not propelled by mechanical means+ Government ships used for non-commercial purposes	Vessels performing government non-commercial maritime activity including: <ul style="list-style-type: none">+ Military activities+ Customs and Border Force activities+ Police activities+ Coastguard and other government search and rescue activity+ Emergency / medical ships+ Government research activities+ General Lighthouse Authority activity+ Vessels serving Scottish islands and peninsulas+ Fish catching and fish processing ships
Greenhouse gases	From 1 January 2024 carbon dioxide From 1 January 2026 methane and nitrous oxide	From 1 July 2026 carbon dioxide, methane and nitrous oxide
Reporting deadline	31 March each year following the relevant reporting period	31 March each year following the relevant reporting period
Surrender of allowances deadline	30 September each year following the relevant reporting period	30 April 2028 for all emissions produced from 1 July 2026 Thereafter, 30 April each year following the relevant reporting period



Further details of the scheme are expected to be released when the UK Government consultation on international voyages closes, and as draft legislation emerges.

In the meantime, time at that stage will likely be running short, it is recommended that shipping entities start preparing for compliance as soon as possible including by way of reviewing their charterparty, compliance and ship management agreements.

HOW WE CAN HELP YOU

Our expert maritime decarbonisation team supports maritime clients preparing for and navigating the full suite of maritime emissions legislation and has continues to play an active role in the ongoing UK ETS consultations. To seek further information, guidance or advice on what to do next please do not hesitate to reach out to them.

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