TAXAND

Energy & Tax Updates

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CONTENTS

INTRODUCTION

We are pleased to share the latest edition of Taxand's Energy & Tax Updates, providing cross-jurisdictional insights and key developments in the rapidly evolving landscape of energy taxation.

Across the eleven jurisdictions featured in this issue, Taxand experts highlight a broad spectrum of activity, including measures supporting low-carbon technologies, adjustments to electricity and wider energy taxation frameworks, and new legislation affecting emerging sectors such as hydrogen. Several countries also report budgetary initiatives, tax reform proposals, and rulings that continue to shape investment conditions and operational considerations for energy projects.

We trust that you will find this edition provides clear and timely insight into the fiscal and regulatory shifts influencing the energy sector.

If you have any questions about the topics covered, please do reach out to the listed contacts or local experts featured in this newsletter.

Enjoy reading!

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CORRS CHAMBERS WESTGARTH

Australian Developments

The Australian Government announced, as part of the 2024–25 Federal Budget, a suite of tax incentives under the Future Made in Australia framework to support Australia's transition to net zero emissions. These measures have been implemented through the *Future Made in Australia (Production Tax Credits and Other Measures) Bill 2024* which received Royal Assent on 14 February 2025. The two incentives introduced are the Hydrogen Production Tax Incentive and the Critical Minerals Production Tax Incentive.

Hydrogen Production Tax Incentive ("HPTI")

The HPTI introduces a refundable tax offset of A$2 per kilogram of eligible renewable hydrogen produced in Australia, aimed at accelerating early investment in large-scale projects. The offset is available only to Australian-taxable constitutional corporations that hold a certified production profile under the Guarantee of Origin framework and comply with the Government's community benefit principles. Hydrogen must be produced in Australia between 1 July 2027 and 30 June 2040, within a fixed 10-year offset period, and at a single certified facility with minimum scale equivalent to a 10 MW electrolyser. A final investment decision must be made before 1 July 2030. Each kilogram must be supported by a registered Product Guarantee of Origin certificate, confirming an emissions intensity of no more than 0.6 kg CO_2 per kilogram of hydrogen and satisfaction of grid-matching requirements where grid electricity is used. There is no cap on the amount a company can receive under the offset, but it is only available for a specified period.

Critical Minerals Production Tax Incentive ("CMPTI")

The CMPTI introduces a refundable tax offset equal to 10% of eligible expenditure incurred on qualifying critical-mineral processing activities in Australia. This is in recognition that the supply of critical minerals is essential to technologies that form part of the transition to net zero emissions. A full list of the eligible critical minerals can be found Qualifying activities are limited to extractive metallurgical processing that substantially transforms a critical-mineral-bearing feedstock into a chemically distinct, more refined product, or other prescribed downstream processing outcomes. Mining and beneficiation activities are expressly excluded. A list of qualifying critical minerals can be found here.

The CMPTI applies to expenditure incurred in income years commencing on or after 1 July 2027 and before 30 June 2040. It is available only to constitutional corporations that are subject to Australian tax, including Australian tax residents and foreign companies operating through an Australian permanent establishment, and that comply with the Treasurer's community benefit principles. Companies must register qualifying processing activities. The CMPTI is self-assessed through the income tax return, with administration split between the Department of Industry, Science and Resources (registration) and the Australian Taxation Office (assessment and compliance). As with other refundable offsets, standard audit, dispute and integrity rules apply. Registration is required before the offset can be claimed. The offset is uncapped and refundable, meaning that if the taxpayer's tax liability is reduced to nil, any excess offset is refunded.

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AUSTRIA

1. Austria's future Energy and Climate Policy

In early 2025, a new Austrian federal government took office. Committed to climate neutrality by 2040 and greater energy sovereignty, the government has made the expansion of renewable energy a core priority.

The government aims to meet 100% of Austria's electricity demand (on a national balance basis) with renewables by strengthening domestic production and reducing dependence on imported fossil fuels. Key measures include scaling up photovoltaic, wind, hydro, and biomass energy.

Nuclear energy remains excluded from Austria's strategy, viewed as economically unviable, risky, and environmentally unsustainable.

2. National Emissions Trading Scheme / Carbon tax

In 2025, Austria's National Emissions Trading Scheme / carbon tax entered its transitional phase, moving beyond the introductory stage. From this point onward, producers / distributors of fossil fuels must monitor and report emissions in line with the EU Monitoring and Reporting Regulation (MRR).

The fixed issuance price for emission certificates is set at EUR 55 per ton of CO_2 for 2025 and 2026. Beginning in 2027, the national system is expected to be integrated into the EU Emissions Trading System II (EU ETS II), aligning Austria's carbon pricing framework with the broader European emissions trading structure.

3. Extension of the Energy Crisis taxes in Austria

Some years ago, Austria implemented an energy crisis contribution on electricity and for certain fossil energy sources under which surplus profits from certain energy companies are taxed.

Austria has now extended the energy crisis contribution on electricity until 31 March 2030. As of 1 April 2025, the tax will apply to monthly surplus revenues from electricity sales exceeding EUR 90/MWh before 1 April 2025 and EUR 100/MWh for periods after this date. The tax rate remains 95% of the surplus amount, with certain deductions available for investments in renewable energy and energy-efficiency investments.

The energy crisis contribution on fossil energy sources is extended until 31 December 2029. Companies in the oil, gas, coal, and refinery sectors must pay a 50% tax on certain surplus profits (basically 5% of the profit of the respective year exceeding the average profit in the period 2018 to 2021). This tax may be reduced through qualifying green investments.

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Brazil’s Tax Reform: Impacts on the Energy Sector

Brazil’s Consumption Tax Reform will reshape the VAT system by replacing traditional levies with the Tax on Goods and Services (IBS) and the Contribution on Goods and Services (CBS).

These taxes have a broad taxable base, which in the electricity sector goes even further, to encompass not only the price of goods and services but also sectoral tariffs and charges.

It is important to note that all stages of the value chain will be affected. This change is causing major movements in the sector, especially in situations involving the free market and self-production, as it will be necessary to review contracts and revise prices.

The energy sector must navigate complex market structures and compliance challenges, requiring significant adjustments to contractual frameworks, billing processes, and operational systems.

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2025 Federal Budget Advances Clean Economy Agenda

2025 brought some degree of resolution to a political situation that saw the legislative process largely grind to a halt during 2024. Following the resignation of a deeply unpopular Justin Trudeau as Canada's Prime Minister in January, Mark Carney became the leader of the governing Liberal Party of Canada and won the ensuing election on April 28, forming a minority government a few seats short of an outright majority.

As a result, there was no federal budget in the spring, this being the usual time at which the government releases its fiscal agenda for the year, including announcing any major tax initiatives. Parliament only sat for a few weeks before rising for the summer recess at the end of June, resuming work in September. The Carney government released its first budget on November 4, indicating that going forward the federal budget will henceforth occur in the autumn of each year rather than the spring. The 2025 federal budget included measures relevant to the energy sector.

Over the past few years, the government has announced a suite of six tax credits supporting investment in clean energy generation and storage and carbon capture, utilization and storage ("CCUS"). They have mostly been enacted into law, although a various proposed amendments have been stalled. These tax credits (created as a response to comparable tax measures in the U.S. under the Biden administration and summarized here) offer taxpayers payments of up to 60% of qualifying expenditures (the rate of tax credit varies amongst the six different credits).

Most importantly, the 2025 budget clearly stated that notwithstanding the Trump administration's repeal of comparable U.S. tax credits, Canada will continue with this program, including the announced but unenacted measures from 2024 that the previously government failed to get over the finish line. Moreover, 2025 budget announced the expansion of certain credits:

- the period during which taxpayers may claim the CCUS tax credit at full rates (up to 60%) before they start to get phased out has been extended from the end of 2030 to the end of 2035;
- the 15% Clean Electricity tax credit for low-emissions electricity generation has been extended to accommodate participation by (and funding from) the Canada Growth Fund, a major government clean economy funding source; and
- the list of critical minerals eligible for the 30% Clean Technology Manufacturing tax credit has been expanded.

As such, clean energy and carbon capture will remain the subject of major support from the tax system for the foreseeable future.

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Proposed Changes to Electricity Taxation

The Finnish Ministry of Finance has published amended draft proposals on the taxation of electricity used by mining operations and data centres. The proposals would move both sectors from the lower electricity tax bracket of 0.05 euro cents per kWh to the general tax bracket of 2.24 euro cents per kWh, resulting in an increase of 2.19 euro cents per kWh.

In addition, the Government is preparing a significant increase in the electricity supply security fee. The fee would rise from the current 0.013 euro cents to 0.085 euro cents per kWh, applying to all industrial and household electricity consumption.

The changes are scheduled to take effect as follows: 1 January 2026 for mining operations, 1 April 2026 for the electricity supply security fee, and 1 July 2026 for data centres.

Planned Subsidy for Data Centres

Despite the proposed increase in electricity taxation for data centres, the Government aims to safeguard Finland's competitiveness in attracting data centre investments that support the national economy and the wider public interest.

A subsidy for eligible data centres is being prepared to partially replace the current preferential electricity tax rate. The Government intends the measure to take effect in autumn 2026, although detailed information on the subsidy and its scope has not yet been released.

Proposed Changes to the Tax on Mined Minerals

The Government plans to increase the tax on metallic mining minerals from 0.6% to 2.5% of the taxable value of the metal contained in ore delivered for concentration. For non-metallic mining minerals, the quantity-based tax would rise from EUR 0.20 to EUR 0.60 per tonne of extracted ore or usable rock.

The revised tax rates are proposed to take effect on 1 January 2026.

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Greek developments

Below we summarise certain recent developments that are of particular interest to Renewable Energy Companies, which are very active in Greece. Developments involve business transformation rules, digital transaction duty rules and other energy legislation related developments.

Circular E.2088/2025 provides guidance on the application of Law 5162/2024 regarding business transformations

Further to the enactment of Law 5162/2024, which introduced a uniform framework on business transformations, Circular E. 2088/2025 has been issued, providing guidance on the application of its provisions.

It provides guidance on the conditions of the tax neutrality on domestic and cross-border mergers, divisions, partial divisions, spin offs and legal form conversions, share exchanges.

Notable open issues are, among others:
Regarding the branch of activity in particular, while the Circular has clarified that for the tax benefits to apply one should adhere to the new tax statutory definition under Law 5162/2024 (and not the corporate one), no further interpretation guidance on this new definition's functional elements was provided. Missing are examples or interpretive criteria on what minimum composition and functional cohesion qualify as an "autonomous exploitation", uncertainty on qualification for "the branch of activity definition" as required for partial demergers and hive-downs remains.

Regarding the effect of the transformation, corporate law (Law 4601/2019) allows the merger/demerger plan to designate an "effective date" from which transactions are deemed, for accounting purposes, to have been carried out on behalf of the recipient. The Circular however, vests tax effects strictly to legal completion. The lack of a retroactive tax-effect option could be problematic in cross-border restructurings, where synchronized effective dates are needed to avoid mismatches and conflicts with the corporate-law flexibility.

Circular E.2094/2025 introduces the long-awaited guidelines for the application of the Digital Transaction Duty legislation (DTD Law 5177/2025)

The recently introduced Circular provides clarifications on the implementation of Digital Transaction Duty (DTD), and more specifically on the tax treatment of specific transactions and operations falling within the scope of DTD, as well as the tax obligations of taxpayers, being individuals or legal persons/entities, the State and General Government agencies for acts/transactions performed that fall within the scope of the DTD. One of the main differences with previously applicable legislation on stamp duty is that DTD applies only on transactions expressly mentioned in the law, while it applies on any loan transaction executed by at least one Greek tax resident irrespective of place of execution (it abolishes the previously applicable "territoriality principle").

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The Circular - among others clarifies that, although loan interest payments are exempt from DTD, in case of capitalization of contractual interest, said capitalized interest is subject to DTD since it now forms part of new capital. Further, the bond loan exemption from DTD as provided for bond loans issued by Greek companies is explicitly extended to bond loans issued by a foreign company based on the general principle of European law on the free movement of capital.

Derivatives, repos and securities lending remain outside DTD, since they fall within VAT scope. With regards to cash pooling, it is explicitly mentioned that it falls under the concept of credit and that in terms of DTD imposition it should be treated on a case-by-case basis depending on the characteristics governing the transaction (loan, withdrawal/deposit, current account).

Extended application of duty in favor of the Hellenic Competition Committee

Article 42 of Law 5255/2025, amended article 17(1) of Law 3959/2011 concerning the duty imposed in favour of the Hellenic Competition Committee on the share capital of Greek companies in the form of a societe anonyme. The amendment extends the imposition of the duty to share premium amounts. It further provides that any exemptions from taxes, fees, contributions, duties, or other charges granted under development laws or other preferential provisions do not apply to this duty. The duty currently applies at the rate of 0,1%.

New Merchant BESS Priority Regime reshapes Greece's energy investment landscape

After months of anticipation, the Greek energy sector has reached a pivotal moment with the issuance of Ministerial Decision ΥΠΕΝ/ΓΔΕ/28255/1143 on 14.03.2025. This long-awaited Decision establishes the Merchant Battery Energy Storage Systems (BESS) Priority Regime under Article 11D of Law 4685/2020 (as introduced by virtue of Article 41 of Law 5151/2024), marking a fundamental shift in investment priorities toward merchant BESS, i.e., standalone storage projects operating solely on market revenues.

The Merchant BESS Priority Regime is a key component of Greece’s broader strategy to accelerate energy storage deployment, alongside the conversion of conventional power plants into storage units and the integration of storage systems into existing RES projects. By offering to Merchant BESS a fast-track priority regime in receiving Final Grid Connection Offers (FGCOs), the Decision outlines, inter alia, eligibility criteria, priority rules, capacity caps, ownership concentration limits and financial assurance requirements.

With 4.7 GW of merchant BESS capacity now eligible under this regime, Greece is making a decisive move toward a more flexible, resilient and efficient energy system, with a view to reducing curtailments, enhancing grid stability and creating new investment opportunities.

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Greece's first hydrogen law

Greece has introduced new law 5215/2025 (OJ A'/116/04.07.2025) regulating inter alia the organisation of the hydrogen production market and the operation of geographically confined hydrogen networks (the "Law"). This legislation represents a significant step towards establishing a competitive hydrogen economy capable of meeting both industrial demands and broader climate goals.

Although the new Law only partially transposes Directive (EU) 2024/1788 (on common rules for the internal markets for renewable gas, natural gas and hydrogen), it brings national legislation closer to the EU's hydrogen market design and decarbonisation objectives, and to the implementation of the targets set in Greece's National Energy and Climate Plan (ESEK) which sets ambitious mid- and long-term goals for renewable energy adoption.

The Law addresses the production of specific categories of hydrogen, covering both renewable hydrogen (produced using renewable energy) and low-carbon hydrogen (produced by use of technologies meeting defined CO_2 emission thresholds).

The Law also distinguishes between two categories of hydrogen production units (i) off-grid units (not connected to a natural gas or hydrogen transmission or distribution network) and (ii) grid-connected units.

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INDIA

Electronics Component Manufacturing Scheme ("ECMS") to develop robust electronic components manufacturing ecosystem

The ECMS scheme has been recently launched by the Ministry of Electronics and Information Technology ("MeitY") in April, 2025 in order to attract global and domestic investment in the manufacturing of specified electronic components and sub-assemblies ("ECMS Items") in India. The ECMS Items include bare components, selected bare components, supply chain ecosystem and capital equipment ("Target Segment Products"). The scheme (provides differentiated fiscal incentives on Target Segment Products including a turnover linked incentive, a capex incentive and a hybrid incentive (i.e. combination of turnover and capex linked incentive). Under the ECMS, an overall outlay of US $2.5 billion is envisaged which is expected to make India self-reliant in the electronics supply chain. At 27 October 2025, seven projects have been already approved worth US $0.62 billion. Eligibility Criteria for the scheme can be found here.

GST rationalization to 5% on renewable energy devices to accelerate India's Clean Energy Transition

The renewable energy sector has received a major impetus under the latest GST reforms approved by the GST Council in its 56th meeting held on 3 September 2025. The rationalization of GST rates range from 12% to 5% effective from 22 September 2025, which will bring down the cost of clean energy projects, making electricity more affordable and directly benefiting households, farmers, industries, and developers. Furthermore, module and component costs with respect to Indian-made renewable energy equipment is expected to be reduced by 3–4% supporting the 'Make in India' initiative. Additionally, given that India plans to add around 300 GW of renewable energy capacity by 2030, a modest 2–3% cost reduction due to said GST rate rationalization measures is expected to free up US $11 billion in investment capacity.

Mandatory pre-registration requirement on imports of Renewable Energy Equipment

The Directorate General of Foreign Trade has revised the ITC (HS) import policy, introducing a pre-registration requirement on the import of specified Renewable Energy Equipment with effect from 1 November 2025. Registration is to be obtained on the online portal, Renewable Energy Equipment Import Management System. Further, importers are also required to submit end-use declarations which enables verification of import and utilization of equipment exclusively in solar projects and key wind power installations. This development marks an important step in India's ongoing efforts to strengthen its clean energy supply chain, ensure the traceability of imported components, and align import practices with the India's ambitious renewable energy targets.

India–EFTA Trade and Economic Partnership Agreement ("TEPA") aims to strength and promote Renewable Energy Sector

India and the four member states of the European Free Trade Association: Switzerland, Norway, Iceland and Liechtenstein have entered into TEPA, effective from 1 October 2025, which aims at providing tariff concessions, procurement facilitation, and investment in clean-energy manufacturing. It is envisaged that this would provide an impetus for domestic supply-chain development in solar modules, wind-turbines, energy storage and green hydrogen.

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The Annual Budget for 2026 was delivered in Ireland on 7 October 2025, setting out some material new measures relevant to the energy tax sector. Draft implementing legislation was subsequently released on 16 October 2025 in the form of the first draft of the Finance Bill 2025. They key aspects are summarised below.

Energy VAT Relief

The reduced 9% VAT rate on gas and electricity has been extended until 31 December 2030, providing continued support for energy affordability.

Carbon Tax

The Carbon Tax on auto fuels will increase from €63.50 to €71 per tonne of CO_2 from 8 October 2025, with the same rate applying to all other fuels from 1 May 2026.

Accelerated Capital Allowance Schemes

Two Accelerated Capital Allowance schemes have been extended to 31 December 2030:

- The Accelerated Capital Allowances Scheme for Energy Efficient Equipment allows businesses to claim the full cost of highly energy-efficient equipment as a tax deduction in the first year.
- The Accelerated Capital Allowances Scheme for gas vehicles and refuelling equipment provides a tax incentive for businesses that invest in vehicles running on compressed natural gas, liquefied natural gas, biogas, or hydrogen, as well as related refuelling equipment. Under this scheme, an accelerated wear-and-tear allowance of 100% of the qualifying capital expenditure may be claimed in the year the vehicle or equipment is first brought into use, effectively allowing a full first-year deduction.

R&D Tax Credit Enhancements

Following a review by the Department of Finance, the R&D tax credit regime will be improved, subject to EU State Aid approval. Key changes include an increase in the credit rate from 30% to 35% and an increase in the first-year payment threshold from €75,000 to €87,500.

The Minister for Finance also referred to the publication in the coming weeks of an R&D Compass "which will consider targeted changes to the R&D Tax Credit to better align with industry practices, for example in the areas of outsourcing and qualifying expenditure definitions". The Minister also noted that the R&D Compass will "set a pathway for development of innovation supports."

This is an opportunity to encourage investment by companies in key strategic areas such as digitalisation and environmental/green technologies.

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TMF GROUP Global reach Local knowledge

Final Income Tax Without Imputation Regulations

Following Legal Notice 188 of 2025, published on 2 September 2025, the Minister for Finance introduced the Final Income Tax Without Imputation Regulations, 2025 (“Regulations”), offering an optional tax regime for companies and similar entities in Malta.

Under Malta’s current full imputation system, tax paid by a company is credited to shareholders, eliminating economic double taxation. The new Regulations allow companies to opt for a 15% final tax on chargeable income (“FITWI”), which is not creditable or refundable at shareholder level.

Applicability

These Regulations apply to:

- companies,
- bodies of persons that elect to be treated as a company or is deemed to be a company, and
- trusts that have elected to be taxed in the same manner as companies.

An Entity may apply FITWI in respect of chargeable income accruing or derived as of year of assessment 2025.

“Higher of” Rule

FITWI tax must not be lower than the effective tax that would apply under the standard full imputation system (including refunds). The Regulations ensure the final tax payable is the greater of:

- FITWI tax, and
- Net tax under ordinary rules.

Key Features

Tax under FITWI is final. No credit, set-off, or refund applies at shareholder or entity level.
Chargeable income excludes:

- Dividends from profits not allocated to another Maltese company’s final tax account
- Income already taxed at a final rate and allocated to the final tax account

Election Procedure

Entities opting for FITWI must notify the Commissioner for Tax and Customs (“CfTC”) via a prescribed form. Once elected, FITWI applies for a minimum of five consecutive years. After this period, an Entity may revert to the full imputation system by notifying the CfTC, but will then be barred from re-electing FITWI for five years.

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SWEDEN

In 2025, Sweden continues to navigate the dual challenge of accelerating its transition to renewable energy and ensuring economic competitiveness and energy security. Against this backdrop, the Swedish government has introduced a number of tax and subsidy reforms, regulatory changes and international commitments that impact the renewable-energy sector, corporate sustainability reporting and transportation.

Renewable Energy and Tax Policy

- Tax deduction for installation of solar panels was lowered from 20% to 15%, as the solar market is considered mature and self-sustaining.
- The energy tax on fuel was reduced to maintain industrial competitiveness and mitigate rising energy costs. The reduction amounts to: SEK 0,32 per litre for petrol; SEK 0,18 per litre for alkylate petrol; SEK 320 per cubic metre for highly taxed oil. In addition, the carbon dioxide tax on low-taxed oil was reduced by SEK 320 per cubic metre.
- The aviation tax was abolished to strengthen Sweden’s transport sector, though the decision raised debate about climate consistency.
- Electricity excise rate during 2025 was 43.9 öre/kWh, with regional reduction of 9.6 öre/kWh in northern municipalities.

Corporate Sustainability Reporting

- Implementation of the Corporate Commission Reporting Directive continues.
- Reporting requirements for some companies have been postponed to reduce administrative burdens while maintaining focus on EU climate neutrality goals.

Taking Effect from 2026

- Annual property tax for wind turbines increases from 0.2 % to 0.5 % of the assessed value.
- Electricity excise lowers from 43.9 öre/kWh to 41.1 öre/kWh to support households and industry during the energy transition.
- Lower benefit values for environmentally adapted vehicles and plug-in hybrids to encourage electrification.
- Employer-provided electric vehicle charging remains a tax-free benefit for employees to simplify charging access at work.
- Reduced VAT 12% on repairs of bicycles to support circular economy.

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UNITED KINGDOM

TRAVERS SMITH

Budget 2025: Government confirms introduction of UK CBAM in 2027

As originally announced in December 2023, and following policy consultation in 2024 and technical consultation in 2025, the government has confirmed that the UK will introduce a Carbon Border Adjustment Mechanism ("CBAM") on 1 January 2027.

CBAM places a carbon price on all emissions embedded in imports of aluminium, cement, fertiliser, hydrogen, and iron and steel products that are at risk of carbon leakage. The charge will also apply to emissions embedded in precursor goods used in the production of in-scope goods. CBAM rates will be calculated by reference to the costs incurred by UK producers under the UK Emission Trading Scheme ("ETS"). Indirect emissions (related to the generation of electricity, where that electricity is consumed during the production of CBAM goods) are excluded until 2029 (at the earliest).

The primary legislation will be included in Finance Bill 2025–26, with additional rules and draft guidance expected in early 2026.

The importer will need to register with HMRC, submit CBAM returns, and pay any taxes due. The registration threshold will be £50,000+ of CBAM goods imported into the UK over a given period. The initial regime will allow importers: (a) to use actual verified emissions data or a default emissions value to determine embedded emissions, (b) to reduce their liability where emissions have already been subject to a qualifying carbon price, and (c) an exemption from CBAM for goods originating in a country with an ETS linked to the UK ETS.

Budget 2025: UK government confirms replacement of temporary Energy Profits Levy ("EPL")

The government has announced that the temporary EPL will be replaced by a permanent windfall tax, the Oil and Gas Profits Mechanism ("OGPM").

The EPL was introduced in 2020 in response to rising energy company profits attributable to increased demand following Covid and rising prices following Russia's invasion of Ukraine in 2022. It is due to expire in 2030. The OGPM will be a permanent revenue-based mechanism designed to respond to oil and gas price shocks. It will replace the EPL either in 2030 or, if certain prices fall below certain floor mechanisms, earlier (at which point the EPL will be immediately withdrawn, and the tax rate will fall back to the normal 40% headline rate). When operative, the OGPM will only applying when prices are unusually high. It will impose an additional tax rate of 35% on revenues above specified price thresholds (for 2026-27, $90/barrel for oil and 90p/therm for gas). The OGPM announcement sits alongside the government's publication of its North Sea Future Plan, intended to support ongoing investment and opportunities in oil and gas, and ensure an orderly energy transition in the North Sea.

The government is expected to consult on draft legislation for the OGPM during the coming months, with the rules being finalised for inclusion in the next Finance Bill (to be published in the autumn of 2026).

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UNITED KINGDOM

TRAVERS SMITH

UK government launches consultation on expansion of UK Emissions Trading Scheme ("ETS")

On 25 November 2025, the UK government opened a consultation seeking input on proposals to expand the UK ETS to emissions from international maritime voyages starting or ending in the UK. The expansion is expected to take effect from 2028.

The consultation forms part of a larger project, started in 2022 and led by the UK ETS Authority, considering how to develop the UK ETS. Alongside plans to expand the scheme to over the maritime sector, the project is also expected to extend the scheme to energy from waste and waste incineration (from 2028), and greenhouse gas removals. In addition, the UK ETS Authority are considering how to ensure that the 'free allocation policy' is working effectively and aligns with the implementation of the UK CBAM in 2027.

Finally, it is worth remembering that the UK government and EU agreed (in May 2025) to work towards linking the UK ETS and EU ETS. This follows a commitment contained in the UK-EU Trade and Cooperation Agreement (2021) to co-operate on carbon pricing and consider linking pricing systems. The May 2025 Common Understanding sets out the parameters for linking the two schemes. This also has important implications for the application of EU CBAM and (when implemented) UK CBAM to UK-EU trade because, very broadly, the ETS schemes set the carbon price when calculating the applicable CBAM rates. Work with the EU is progressing in parallel with the UK's development of the UK ETS.

The consultation on expanding the UK ETS to international maritime emissions closes on 20 January 2026.

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