EXPLANATORY MEMORANDUM TO

THE MERCHANT SHIPPING (MONITORING, REPORTING AND VERIFICATION OF CARBON DIOXIDE EMISSIONS) (REVOCATION) REGULATIONS 2026

2026 No. 245

1. Introduction

1.1 This Explanatory Memorandum has been prepared by the Department for Transport and is laid before Parliament by Command of His Majesty.

1.2 This memorandum contains information for the Joint Committee on Statutory Instruments.

2. Declaration

2.1 Keir Mather MP, the Parliamentary Under Secretary of State for Aviation, Maritime & Decarbonisation, at the Department for Transport confirms that this Explanatory Memorandum meets the required standard.

2.2 Deborah Owens, Deputy Director for Maritime Environment & Decarbonisation, at the Department for Transport confirms that this Explanatory Memorandum meets the required standard.

3. Contact

3.1 Michelle Palmer at the Department for Transport can be contacted by email at the following address with any queries regarding the instrument: maritimedecarbonisation@dft.gov.uk. Alternatively, the department can be contacted by telephone: 0300 330 3000.

Part One: Explanation, and context, of the Instrument

4. Overview of the Instrument

What does the legislation do?

4.1 The instrument revokes the following instruments:

4.2 EU Regulation 2015/757 of the European Parliament and of the Council of 29 April 2015 on the monitoring, reporting and verification of carbon dioxide emissions from maritime transport and amending Directive 2009/16/EC ('2015 EU Regulation');

4.3 Commission Implementing Regulation (EU) 2016/1927 of 4 November 2016 on templates for monitoring plans, emissions reports and documents of compliance pursuant to Regulation (EU) 2015/757 of the European Parliament and of the Council on monitoring, reporting and verification of carbon dioxide emissions from maritime transport ('Commission Implementing Regulation (EU) 2016/1927');

4.4 Commission Delegated Regulation (EU) 2016/2071 of 22 September 2016 amending Regulation (EU) 2015/757 of the European Parliament and of the Council as regards the methods for monitoring carbon dioxide emissions and the rules for monitoring other relevant information ('Commission Delegated Regulation (EU) 2016/2071');

4.5 The Merchant Shipping (Monitoring, Reporting and Verification of Carbon Dioxide Emissions) and the Port State Control (Amendment) Regulations 2017 (2017 Regulations'); and

4.6 The Merchant Shipping (Monitoring, Reporting and Verification of Carbon Dioxide Emissions) (Amendment) (EU Exit) Regulations 2018 ('2018 Regulations').

4.7 Collectively, the instruments referenced at 4.2 – 4.6 (referred to in combination throughout this document as the 'MRV Instruments') were a continuation of the European Union (EU) Monitoring Reporting and Verification (MRV) regulations, which required operators of ships in scope to monitor and report their emissions data, following the UK's exit from the EU.

4.8 A new reporting system has been established by the Department for Energy Security and Net Zero to meet the MRV requirements of the UK Emissions Trading Scheme and associated MRV regulations were laid on 13 January 2026. As a result, revocation of the MRV Instruments will eliminate the potential for industry confusion, duplication and potential additional compliance costs.

Where does the legislation extend to, and apply?

4.9 The extent of this instrument (that is, the jurisdiction(s) which the instrument forms part of the law of) is the United Kingdom.

4.10 The territorial application of this instrument (that is, where the instrument produces a practical effect) is the United Kingdom.

5. Policy Context

What is being done and why?

5.1 This instrument revokes the MRV Instruments. In June 2025 a post-implementation review (PIR) of the 2017 Regulations was undertaken. The PIR recommended revoking the 2017 Regulations as they have not fulfilled their purpose (as set out in Section 4.7 and expanded on in Sections 5.5 - 5.8), and the Secretary of State has not been able to meet the obligations required under the 2015 EU Regulation as amended by the 2018 Regulations and publish the data collected.

5.2 The UK ETS is a "cap and trade" carbon pricing scheme which seeks to apply a cost to activities like fossil fuel power generation, manufacturing and air travel that better reflects the cost to society of the emissions they produce. The planned UK ETS expansion to the maritime sector will, from July 2026, provide an alternative digital system for data collection and new regulations for the purpose of monitoring, reporting and verification of UK maritime emissions.

5.3 New regulations have been drafted by the Department for Energy Security and Net Zero for UK ETS MRV and were laid before parliament on 13 January 2026. These establish obligations for maritime operators in scope of UK ETS to monitor their maritime emissions and submit annual reports of their maritime emissions to the regulator on or before 31 March each year. If the existing MRV Instruments remain in force ships of 5000 gross tonnes and over would have to comply with those regulations along with the new UK ETS MRV regulations, which may lead to industry confusion, duplication and potentially additional costs for stakeholders.

5.4 Given the delivery of the new system for the UK ETS, and non-enforcement of the existing 2017 Regulations, the existing MRV Instruments are to be revoked.

What was the previous policy, how is this different?

5.5 The policy objectives of the 2017 Regulations, as amended by the 2018 Regulations, aimed to apply consistent rules on monitoring, reporting and verification of emissions

to all ships of 5000 gross tonnes and over calling at UK ports and provide certainty to the shipping industry. The policy objectives were to:

5.6 Support the 2015 EU Regulation which established a framework for the monitoring, reporting and verification of carbon dioxide emissions from maritime transport;

5.7 Establish the enforcement and penalty regime to be applied in cases of non-compliance with the MRV regulations; and

5.8 Designate and establish the Maritime and Coastguard Agency as the body responsible for enforcement.

5.9 Whilst the 2015 EU Regulation and the 2017 Regulations have provided some continuity for the industry as they have remained in effect following EU Exit, they have to date not been enforced by the Maritime and Coastguard Agency. This is because in September 2021 the Maritime and Coastguard Agency published a Marine Information Note (MIN), MIN 669, which advised that ship owners were required to collect data on their emissions in accordance with the MRV Regulations but suspended the requirement to submit the data to the Department for Transport until a digital reporting system to process the data was operational. As a result, the Secretary of State has been unable to meet their obligation to publish the data submitted in accordance with the 2015 EU Regulation as amended by the 2018 Regulations. A digital reporting system to process the data has not been established by the Department for Transport, but a system has been developed for the purposes of UK ETS-MRV.

5.10 Legal change is now needed because the planned UK ETS expansion to the maritime sector will provide an alternative system for data collection and monitoring of emissions from ships, thus making the existing MRV Instruments obsolete. Revoking the MRV Instruments will remove any uncertainty and confusion, as well as potential costs of complying with multiple regulations.

6. Legislative and Legal Context

How has the law changed?

6.1 The instrument is a revocation of existing secondary legislation under the REUL Act 2023. It revokes the MRV Instruments that make up the current MRV scheme which are now no longer required as a result of the new UK ETS MRV system.

Why was this approach taken to change the law?

6.2 Given the conclusion of the PIR of the 2017 Regulations and that new regulations have been drafted by the Department for Energy Security and Net Zero for UK ETS MRV and have been laid before Parliament, there is not a need to replicate these regulations and create a situation where operators need to collect, verify and submit their monitoring, reporting and verification of data multiple times. Revoking the MRV Instruments, is the only possible approach to make the necessary changes recommended by the PIR.

6.3 The 2015 EU Regulation; Commission Implementing Regulation (EU) 2016/1927; Commission Delegated Regulation (EU) 2016/2071 and the 2017 Regulations are all assimilated law. There are no other primary powers to revoke or amend these regulations other than those contained in s.14 of the REUL Act 2023. The policy decision has been made to revoke these regulations before the powers in the REUL Act 2023 expire on 23 June 2026.

6.4 The 2018 Regulations are not assimilated law as they were made using powers contained in the European Union (Withdrawal) Act 2018. However, as the sole purpose of the 2018 Regulations is to amend the 2017 Regulations, the 2015 EU Regulation and the Commission Implementing Regulation (EU) 2016/1927, all of which are being revoked, it is considered best practice to also revoke the 2018 Regulations by using the power contained in s.20(1)(b) of the REUL Act 2023 to make consequential amendments.

7. Consultation

Summary of consultation outcome and methodology

7.1 A consultation was carried out from November 2024 to January 2025, which sought input on key policy proposals for expanding the UK ETS to the maritime sector in 2026. Within this consultation, one question asked: 'Do you agree that the changes [reporting requirements for the ETS] outlined above should also be made to the existing UK MRV regime? (Y/N) Please explain your response, providing evidence where possible.'

7.2 In their responses, several stakeholders, flagged that misalignment of the current 2017 Regulations and the planned expansion of the UK ETS would be a burden. A majority of the respondents to the consultation (19 of 21 who answered the question) were in favour of aligning the 2017 Regulations with the UK ETS to ease the burden. It is clear from this that operators would like a single, streamlined set of regulatory requirements. Given the lack of legislative powers to amend the existing MRV Instruments for the purpose of the UK ETS, the only way to ensure a single set of regulatory requirements is to remove the existing MRV Instruments. As such, existing MRV Instruments, in the current form, are unhelpful to operators and they would support the removal of the existing MRV Instruments.

7.3 An Interim Response[1] to the consultation was published in July 2025 and the Main Authority Response[2] was published in November 2025. These Responses describe the policy details ahead of the inclusion of maritime emissions in the UK ETS from July 2026 and enable maritime operators to prepare for the scheme. The policy decisions include the scope, exemptions, MRV requirements and future review.

7.4 The UK ETS Authority, which is made up of the UK Government, the Scottish Government, the Welsh Government, and the Northern Ireland Department of Agriculture, Environment and Rural Affairs, was responsible for the consultation, Interim Response and Main Authority Response.

8. Applicable Guidance

8.1 Not applicable.

Part Two: Impact and the Better Regulation Framework

9. Impact Assessment

9.1 A full Impact Assessment has not been prepared for this instrument because the impact on business, charities or voluntary bodies is not significant, and the responses

[1] https://assets.publishing.service.gov.uk/media/687de724a5561a5a7e726bd9/uk-ets-maritime-interim-authority-response.pdf

[2] https://www.gov.uk/government/consultations/uk-ets-scope-expansion-maritime-sector/outcome/uk-ets-scope-expansion-domestic-maritime-main-authority-response-accessible-webpage

to the consultation on the expansion of the UK ETS to maritime suggest that there is an opportunity to avoid burden on businesses by removing the requirements under the existing MRV Instruments. The legislation also does not impact small or micro businesses.

9.2 A de minimis assessment has been prepared and has been published with this Explanatory Memorandum. It notes that the total net present social value (NPSV) of the intervention under the central estimate is £0. This is because the Department for Transport conservatively assume that there is currently no compliance, as the regulations are not enforced, and therefore removing the regulations will have no monetised costs or benefits. Testing the uncertainty surrounding these assumptions leads to an upper bound estimate of the NSPV of £276,000, as a result of administrative cost savings to businesses, and there are further non-monetised benefits including reduced confusion for businesses, and smoother implementation of the new UK ETS MRV requirements

Impact on businesses, charities and voluntary bodies

9.3 The impact on business, charities or voluntary bodies is not significant, and the responses to the consultation on the expansion of the UK ETS to maritime suggest that there is an opportunity to avoid burden on businesses by removing the requirements under the current regulations. New regulations have been drafted by the Department for Energy Security and Net Zero for UK ETS MRV and were laid before parliament on 13 January 2026. Revoking these regulations prevents a situation where operators need to submit their MRV data multiple times.

9.4 The legislation does not impose costs on small or micro businesses. The existing UK MRV scheme under the 2017 Regulations only applies to ships of 5000 gross tonnes and over, therefore it is unlikely that it applies to many small and micro businesses. For any small businesses that are in scope of the measure, the impact is expected to be either neutral or a modest cost saving.

9.5 There is no, or no significant, impact on the public sector. Although the current MRV Instruments are not enforced, the revocation of them will provide a minor reduction in administrative burden on the Department for Transport.

10. Monitoring and review

What is the approach to monitoring and reviewing this legislation?

10.1 As this instrument is only made under the REUL Act 2023, no review clause is required.

Part Three: Statements and Matters of Particular Interest to Parliament

11. Matters of special interest to Parliament

11.1 This instrument was laid in draft for sifting on the 22 January 2026.

11.2 On the 4 February 2026 the Transport Select Committee and Secondary Legislation Scrutiny Committee agreed that the instrument should remain as the negative procedure.

12. European Convention on Human Rights

12.1 As the instrument is subject to negative procedure and does not amend primary legislation, no statement is required.

13. The Relevant European Union Acts

13.1 This instrument does not relate to withdrawal from the European Union or trigger the statement requirements under the European Union (Withdrawal) Act 2018.

13.2 This instrument does however relate to the reform of assimilated law under section 14 and section 20(1)(b) of the Retained EU Law (Revocation and Reform) Act 2023 because it revokes assimilated law. The Minister has made the relevant sifting statement required by the REUL Act 2023 in section 14.

Sifting statement(s) `

13.3 The Parliamentary Under Secretary of State for Aviation, Maritime & Decarbonisation, Keir Mather MP, has made the following statement regarding use of legislative powers in the Retained EU Law (Revocation and Reform) Act 2023:

"In my view the Merchant Shipping (Monitoring, Reporting and Verification of Carbon Dioxide Emissions) (Revocation) Regulations 2026 should be subject to annulment in pursuance of a resolution of either House of Parliament (i.e. the negative procedure)."

13.4 This is the case because: the instrument revokes assimilated law and non-assimilated law which are no longer required due to the laying of regulations for the monitoring, reporting and verification of maritime emissions data for the UK ETS.