

Declan McAleer

Chairperson, Committee for Agriculture, Environment and Rural Affairs

16 October 2020

Dear Mr McAleer,

Thank you for your letter, dated 12 October, outlining your Committee's consideration of the UK Emissions Trading Scheme Common Framework (the Common Framework).

The Senedd's Climate Change, Environment and Rural Affairs Committee is also considering the Common Framework. We have recently held evidence sessions with the UK Committee on Climate Change, the Zero Carbon Commission, and the Minister for Environment, Energy and Rural Affairs (the Minister) to inform our work.

To date, the sessions have focused on:

- the process of the development of the Common Framework and the Welsh Government's role;
- the implications of a linked EU-UK ETS and standalone UK ETS for Welsh installations;
- the design of the UK ETS, and the extent to which it aligns with the Welsh Government's ambition to achieve net zero by 2050; and
- how funding generated from the UK ETS will be used to support Welsh industries to decarbonise, and to mitigate climate change.

Once the provisional Framework Outline Agreement (FOA) becomes available for scrutiny, we intend to take further evidence from the Minister. We anticipate that our report on the Common Framework will be published in early December, depending on the timeline for scrutiny, which has yet to be agreed.

I would like to thank you for drawing our attention to the exclusion of electricity generators in Northern Ireland from the UK ETS under the Northern Ireland/Ireland protocol. This is not something our Committee has considered, to date.

While I would not wish to pre-empt the conclusions of our report, I can say that the Committee is concerned there is a lack of clarity about the circumstances in which the UK Government would seek to introduce a Carbon Emissions Tax as an alternative to a standalone UK ETS. A final decision may be



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dependent on the outcome of ongoing EU-UK negotiations, it is nevertheless incumbent on the UK Government to make clear its intentions at the earliest available opportunity.

I very much welcome the opportunity to exchange our Committees' views on the Common Framework and, indeed, on any other matters of mutual interest.

Should you require any further information, please do not hesitate to contact me.

Regards,

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive style with a large initial 'M'.

Mike Hedges

Chair of Climate Change, Environment and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

