

Lesley Griffiths AC/AM
Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs



Llywodraeth Cymru
Welsh Government

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Mike Hedges AM
Chair of the Climate Change, Environment and Rural Affairs Committee
National Assembly for Wales
Cardiff Bay
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15

January 2019

Dear Mike

Thank you for your letter of 30 November in which you provided the Climate Change, Environment and Rural Affairs Committee's report on the Climate Change (Wales) Regulations 2018. I am pleased to provide my formal response to the report.

Recommendation 1. Future carbon budgets and associated Regulations should be published in draft by the Welsh Government and should be subject to consultation with stakeholders.

Welsh Government response: Reject

The Environment (Wales) Act reflects the National Assembly's intention with regard to scrutiny of all climate change regulations and does not require us to publish carbon budgets for formal consultation. We continue to work closely with stakeholders on all matters relating to climate change, within each emissions sector and at an all-Wales level.

In 2017 the Committee on Climate Change (CCC) ran two Calls for Evidence, which provided stakeholders with an opportunity to influence decisions regarding the carbon accounting framework as well as the level of our first two carbon budgets and our interim targets. The Welsh Government supported these Calls for Evidence and undertook consultation events jointly with the CCC in North and South Wales. We published the Cabinet's decision to accept the CCC advice in June 2018, several months before laying the draft Regulations in the National Assembly. There will be similar opportunities for stakeholders to be involved as we set future carbon budgets.

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

Recommendation 2. The Welsh Government should provide a draft version of the Delivery Plan for its first carbon budget as early as possible before it is published. For future carbon budgets, the Welsh Government should provide a draft version to the Committee and consult with stakeholders on the draft as early as possible before it is published.

Welsh Government response: Accept in principle

Although we are not required by legislation and this is not the practice at the UK Government level, I have agreed to send the Committee the first Low Carbon Delivery Plan in advance of publication. Due to the short timescales and governance processes, we can not share it any earlier. In terms of future publications, this will be a matter for the Government at the time to determine, as each new plan will need to be delivered within the first year of a new Government.

Recommendation 3. The Welsh Government should review its 2050 target and report back to the Assembly before its third carbon budget is set.

Welsh Government response: Accept

I have asked the CCC, along with the UK and Scottish Governments, to consider our long-term targets in light of the Paris Agreement and the recent Intergovernmental Panel on Climate Change (IPCC) Special Report. The CCC ran a call for evidence to inform their advice and asked specifically how their advice should reflect the different circumstances in the four nations of the UK.

We expect to receive the CCC's advice on our long-term targets in April next year. We will consider this advice and its implications for our statutory framework, including the 2050 target, and report back to the Assembly before setting the third carbon budget. We will also consider the other sources of evidence set out in the Environment (Wales) Act 2016.

Recommendation 4. The Welsh Government should ask the UK CCC to ensure that its reports on progress to reduce emissions are broken down into areas of devolved and non-devolved policy. This will enable the Welsh Government to be held to account for the direct impact of its policies.

Welsh Government response: Accept

Many Welsh emissions occur in areas which aren't devolved so the UK Government has a very significant role to play in helping us to achieve the Welsh targets. Emissions from non-devolved areas, like the EU Emissions Trading Scheme (ETS), accounted for nearly 60% of Welsh emissions in 2016. However, there are many areas, such as agriculture, buildings and forestry, where we can and must act.

The Environment (Wales) Act 2016 requires the CCC to produce a report before the end of 2020 on progress towards meeting Wales' first two carbon budgets, interim targets and the 2050 target. In addition, the Climate Change Act 2008 requires the CCC to lay a report each year in the National Assembly for Wales and other UK legislatures on progress towards meeting the UK carbon budgets and the UK 2050 target. I will ask the CCC to provide an assessment of progress in devolved and non-devolved policy areas in one or both of these reports.

Recommendation 5. The Welsh Government should publish a comprehensive assessment of the cost and anticipated impact of each intervention included in its first Delivery Plan.

Welsh Government response: Reject

The Environment (Wales) Act reflects the National Assembly's intention with regard to proposals and policies for meeting carbon budgets and does not require us to publish an assessment of the cost and impact of each intervention. This is similar to the position in Scotland and at the UK level. Departments are expected to consider the cost and impact of all interventions as part of the policy development process. In addition, we are assessing the contribution of the Plan to the national well-being goals and will publish a sustainability appraisal alongside the Plan.

Recommendation 6. The Welsh Government should seek advice from the UK CCC prior to the purchase and use of offset credits. The Welsh Government should publish any advice it receives from the UK CCC on such matters.

Welsh Government response: Accept in principle

We are focussing on domestic action first to reduce emissions and are not planning to use offset credits to meet the first carbon budget. In its December 2017 advice, the CCC recommended the Welsh Government should seek its advice regarding the role of offset credits in meeting the carbon budgets.¹ Although not required by the Act, the Decarbonisation Ministerial Task and Finish Group has accepted the CCC recommendation. I will publish any advice regarding this matter. The CCC advice focussed on their use and did not discuss seeking advice prior to purchasing offset credits and I do not think it is necessary to do so. Any decisions about purchasing offset credits must be informed by our duty to secure value for money.

Recommendation 7. The Welsh Government should update the Committee on progress of developing successor arrangements for the replacement of the EU-ETS.

Welsh Government response: Accept

Under the terms of the Withdrawal Agreement, the UK's participation in the EU ETS will continue until the end of the Implementation Period, which coincides with the end of Phase III of the EU ETS. The Political Declaration sets out the UK and the EU have agreed to consider options for cooperation on carbon pricing, including an option to link a UK national greenhouse gas emissions trading system with the EU ETS. The details of these arrangements will be a matter for the forthcoming Future Economic Partnership negotiations.

¹ <https://www.theccc.org.uk/wp-content/uploads/2017/12/CCC-Building-a-low-carbon-economy-in-Wales-Setting-Welsh-climate-targets.pdf> p.60

We continue to work with the other UK nations to consider a range of options, including continuing to participate in the EU ETS into Phase IV, a UK ETS (linked or standalone) or a carbon emissions tax. We intend to consult jointly on our future approach to carbon pricing during 2019.

A handwritten signature in blue ink that reads "Regards" on the top line and "Lesley" on the bottom line.

Lesley Griffiths AC/AM

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