

Gillian Martin MSP

Convener, Environment, Climate Change and Land Reform Committee

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10 December 2020

Dear Ms Martin

Thank you for your letter, dated 4 December 2020, in relation to the UK Emissions Trading Scheme (UK ETS) Common Framework.

The Senedd's Climate Change, Environment and Rural Affairs Committee ('the Committee') began its scrutiny of the UK ETS Common Framework in early October 2020. Given the delay in the publication of the provisional Framework Outline Agreement, and the ongoing uncertainty over a reserved Carbon Emissions Tax ('CET'), our work on the UK ETS Common Framework has been put on hold.

Nevertheless, we are continuing to keep abreast with developments in this policy area. Like you and our counterparts in the other UK legislatures, we are concerned there remains a lack of clarity about whether, and in what circumstances, the UK Government would seek to introduce a CET. It is entirely unsatisfactory that, with less than four weeks until the UK will no longer participate in the EU ETS, the UK Government has yet to make clear its position. With just days until EU-UK negotiations come to an end, we are keen to understand how the outcome of the negotiations will influence the UK's Government's final decision on whether to introduce a CET.

Much like the Scottish Government, the Welsh Government has expressed strong opposition to the introduction of a CET. We are aware that the devolution settlement does not guarantee a formal role for Welsh Ministers in a CET, nor has the UK Government offered to reach a political agreement on cooperative working.

We understand, however, that the Exchequer Secretary to the Treasury has indicated she is prepared to listen to the Minister's views on a CET. The Minister told us she would be seeking a discussion on the rationale and relative merits of taxation versus a trading scheme, involving all four nations, in order to reach a decision which fairly takes account of their respective responsibilities over climate change. We will be following up this matter with the Minister presently.

I very much welcome the opportunity to exchange our Committees' views on emerging developments in relation to the future of carbon pricing in the UK, and indeed on any other matters of mutual interest.



**Senedd Cymru**

Bae Caerdydd, Caerdydd, CF99 1SN

 [SeneddNHAMG@senedd.cymru](mailto:SeneddNHAMG@senedd.cymru)

 0300 200 6565

**Welsh Parliament**

Cardiff Bay, Cardiff, CF99 1SN

 [SeneddCCERA@senedd.wales](mailto:SeneddCCERA@senedd.wales)

 0300 200 6565

Yours sincerely,

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.

