

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



Llywodraeth Cymru
Welsh Government

Mike Hedges MS
Chair of the Climate Change, Energy and Rural Affairs Committee

15 December 2020

Dear Mike

Yesterday, the UK Government published their decision to proceed with establishing a UK Emissions Trading Scheme (UK ETS) and cease progress on the alternative Carbon Emissions Tax. This is an important step and I welcome the clarity it gives to scheme participants, regulators and verifiers. The scheme will be governed as a common framework and Welsh Ministers and the Senedd will have a formal role in delivering this important policy.

The UK ETS will be the most environmentally ambitious carbon market in the world, having a cap 5% lower than the EU system. However, having received advice from the Climate Change Committee, the Welsh Government will consult next year on a revised cap aligned to our net zero ambitions and the input of your Committees will be important in reaching such an important decision.

Unfortunately, there remains uncertainty related to the prospects of linking the UK ETS to the EU ETS. I continue to press for a linking agreement as part of a wider trade deal as it is clearly in everyone's best interests. In the meantime, I will work with my counterparts across the UK to progress with implementing the UK ETS as a standalone system which can be linked in due course.

I attach, **in confidence**, a copy of The Greenhouse Gas Emissions Trading Scheme (Amendment) Order 2020, which is being laid in the Privy Council meeting of 16 December.

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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.

This copy is being shared **in confidence** in order to aid your scrutiny of the UK Emissions Trading Scheme framework. I wanted to get it to you as soon as possible, as the Order will come into force on 31 December and timescales have been compressed due to the December Privy Council meeting taking place a week later than is ordinarily the case. However, I request it is not shared beyond the committee membership or disclosed publicly until it has been agreed by the Privy Council and published. I intend to lay the Order before the Senedd on 17 December, under the negative procedure, at which point it will be in the public domain.

I appreciate you are still waiting to see the provisional Framework Outline Agreement and Concordat. The decision on proceeding with the UK ETS has also resulted in progress on these documents within the UK Government and I will share them with you as soon as possible. I remain committed to offering you the opportunity to scrutinise these documents in the New Year and my officials will work with your to agree the scrutiny timescales and process.

Regards

A handwritten signature in black ink that reads "Lesley Griffiths". The signature is written in a cursive style with a large, sweeping flourish at the end of the name.

Lesley Griffiths AS/MS

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