

Agenda – Climate Change, Environment and Rural Affairs Committee

Meeting Venue:	For further information contact:
Video Conference via Zoom	Marc Wyn Jones
Meeting date: 1 October 2020	Committee Clerk
Meeting time: 13.30	0300 200 6565
	SeneddCCERA@senedd.wales

Informal pre-meeting– Private (13.30 – 13.45)

In accordance with Standing Order 34.19, the Chair has determined that the public are excluded from the Committee's meeting in order to protect public health. This meeting will be broadcast live on www.senedd.tv.

Public meeting (13.45 – 15.40)

1 Introductions, apologies, substitutions and declarations of interest

(13.45)

2 UK Emissions Trading Scheme: Evidence session 1 – UK Committee on Climate Change

(13.45–14.45)

(Pages 1 – 20)

The Rt Hon Lord Deben, Chair – UK Committee on Climate Change

Attached Documents:

Research brief



Break (14.45 – 14.55)

3 UK Emissions Trading Scheme: Evidence session 2 – Zero Carbon

(14.55–15.40)

(Page 21)

Hannah Dillon, Head of Campaign – Zero Carbon

Attached Documents:

Zero Carbon Commission Reports

4 Paper(s) to note

4.1 Response from the Minister for Environment, Energy and Rural Affairs to the letter from the Chair on the UK Emissions Trading Scheme

(Pages 22 – 38)

Attached Documents:

Letter

4.2 Written submission from Wildlife Trusts Wales – UK Emissions Trading Scheme

(Pages 39 – 43)

Attached Documents:

Paper

4.3 Written submission from the National Farmers Union (NFU) Cymru – UK Emissions Trading Scheme

(Page 44)

Attached Documents:

Paper

4.4 Correspondence from the Minister for Environment, Energy and Rural Affairs on Fuel Poverty

(Pages 45 – 47)

Attached Documents:

Letter

4.5 Correspondence from the Minister for Housing and Local Government on the National Development Framework

(Pages 48 – 71)

Attached Documents:

Letter to the Chair, Climate Change, Environment and Rural Affairs Committee

Letter to the Chairs of all Committees

4.6 Correspondence from the Chair to the Llywydd and Chair of the Business Committee in relation to the National Development Framework

(Pages 72 – 73)

Attached Documents:

Letter

4.7 Correspondence between The Tenant Farmers Association and the Minister for Environment, Energy and Rural Affairs

(Pages 74 – 82)

Attached Documents:

Letters

4.8 Correspondence to the First Minister from Wales Environment Link – Biodiversity

(Pages 83 – 84)

Attached Documents:

Letter

- 5 Motion under Standing Order 17.42 (vi) and (ix) to resolve to exclude the public from the remainder of the meeting**

Private meeting (15.40 – 16.00)

- 6 Consideration of evidence received under items 2 and 3
(15.40–16.00)**

Document is Restricted

Agenda Item 3

Senedd Cymru
Y Pwyllgor Newid Hinsawdd, Amgylchedd a
Materion Gwledig
Cynllun Masnachu Allyriadau y DU: Fframwaith
Cyffredin
CCERA(5) ETS 02
Ymateb gan Zero Carbon (Saesneg yn unig)

Welsh Parliament
Climate Change, Environment and Rural Affairs
Committee
UK Emissions Trading Scheme: Common
Framework
CCERA(5) ETS 02
Evidence from Zero Carbon

Zero Carbon Commission reports on UK carbon pricing:

Interim Report: [Zero Carbon Commission on UK Emissions Pricing](#) – June 2020 (29 pages)

Full Report: [The Zero Carbon Commission: How Carbon Pricing can help Britain Achieve Net Zero By 2050 – September 2020](#) (51 pages)

Agenda Item 4.1

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
Climate Change, Environment and Rural Affairs Committee

SeneddCCERA@senedd.wales

16 September 2020

Dear Mike,

Ahead of my attendance at your committee meeting on 8 October to assist in your scrutiny of The Greenhouse Gas Emissions Trading Scheme Order 2020, I attach responses to your written questions, a summary of the Integrated Impact Assessment and the UK Emissions Trading Scheme (UK ETS) Common Framework Summary document.

The proposed UK ETS scheme delivers on our environmental ambition and leads the development of global carbon markets while providing a smooth transition and certainty to businesses and facilitating linking to the EU system. The Order is progressing well through the four UK legislatures, and has been approved by the Scottish Parliament and the House of Commons.

My officials will provide a technical overview of the UK ETS on 24 September and I look forward to discussing the Order and framework with you on 8 October.

Regards



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

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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.

Greenhouse Gas Emissions Trading Scheme Order 2020

Welsh Government responses to questions from the Climate Change, Environment and Rural Affairs Committee

- 1. Are you content that the Welsh Government has played a full role in the development of the proposed framework? Do you have any concerns about any aspect of the proposals?**

My officials and I have been fully involved in the development of the proposed framework. At official level, there is a robust structure of governance in the form of working groups and a senior officials Board. I had the opportunity to discuss the proposals set out in the consultation document with Ministers from the other Governments before jointly agreeing the consultation text. I also agreed the final policy position, which was reflected in the joint Government response document and progressed via this draft Order.

This scheme delivers on our environmental ambition and leads the development of global carbon markets. It also provides a smooth transition and certainty to businesses and facilitates linking to the EU system.

- 2. How are Welsh interests reflected in the proposals? In particular, how do they reflect the emissions profile in Wales?**

This Welsh Government is committed to tackling climate change. In 2018, the latest year for which data is available, approximately 46% of Wales' emissions were generated by the power, industry and aviation participants in the EU ETS and so it is very much in our interest to continue efforts to decarbonise these activities.

The scheme 'cap', the number of allowances available each year in the scheme, will be reviewed in light of the anticipated advice from the UK Committee on Climate Change, which will ensure the scheme reflects the required emissions profile for Wales to meet its climate targets. I believe the scheme strikes the right balance between incentivising action to decrease emissions in high-carbon Welsh installations and maintaining an environment in which businesses can be competitive.

- 3. What is your response to the suggestion by the UK Committee on Climate Change, set out in Lord Deben's letter of 20 March, that the proposals are "inconsistent with the UK's Net Zero ambitions in some respects, primarily relating to the relatively high level of allowed emissions under the proposed cap"?**

The interim cap we are introducing for the launch of the UK ETS is already more ambitious than what it would have been if we remained in the EU ETS.

However, as stated in the joint Government response, we are fully committed to aligning the longer-term cap with all administrations' Net Zero commitments as soon as possible.

We will be able to progress with this work once we have the UK Committee on Climate Change's (CCC) full published advice in December. We will then swiftly consult on the appropriate longer-term trajectory for the cap and implement changes by January 2023, if possible, and certainly no later than January 2024.

- 4. The Committee is aware that the UK governments have responded to Lord Deben's letter, saying that "it is important to put in place a policy which provides a pragmatic and feasible approach to meeting net zero through the ETS." Do you believe that the proposed cap is set at an appropriate level?**

To reiterate my response to question 3, it is important to note this is an interim cap and a new carbon market.

The initial level of the cap enables a smooth transition for businesses, avoids market shocks and maintains business competitiveness as we deal with the economic recovery from Covid-19 and wider impacts of Brexit. It also signals the direction of travel and gives participants time to prepare for a tighter cap. A significantly tighter cap in the early years of the new market might have resulted in extremely high carbon prices in the early years and undermined the establishment of the new scheme.

- 5. In the Explanatory Memorandum (EM) accompanying the Order, you accept that "It may be necessary to adjust the cap further to ensure it is in line with our net zero ambitions. The UK Committee on Climate Change (CCC) will be providing advice on a pathway to net zero in December (2020) and we have committed to consult on any changes to the cap within 9 months and implement required changes by 1 January 2023 if possible and at the latest by 1 January 2024." Does this delay pose a risk to the likelihood the Welsh Government will meet its 2030 interim target for emissions reduction?**

No, it will not be too late to adjust. From the outset the UK ETS will show greater climate ambition than remaining in the EU ETS, with the cap initially set 5% tighter. This will immediately support compliance with our second Carbon Budget (2021-2025) and signal our intent for future revisions.

Implementing a new, net zero consistent cap by 2023 is possible but ambitious. The commitment to implement no later than 2024 is a backstop in the event we cannot progress with developing proposals, consulting, providing notice to the market and legislating as quickly as we have planned. In December, the CCC are advising on our third Carbon Budget (2026-2030) and 2030 interim target in

addition to advising on the ETS cap, therefore the statutory advice and supporting evidence on which we will take all decisions will be consistent.

6. How will the Senedd be involved in scrutinising the effectiveness of the scheme in future? What provisions are contained within the proposals in relation to this matter?

Clause 17 of the Order provides for two whole-system reviews. These will involve reporting on the performance of the scheme, including whether it is achieving the policy intent. Our report will be available to the Senedd to scrutinise. Any recommended major policy changes will then require consultation and legislation and I will be available to discuss these with you and take account of your input, before agreeing final proposals with the Ministers from the other Governments. Any required legislation will also be laid in all four legislatures.

7. Clause 17 of the Order sets out a review mechanism for the ETS. This consists of the ETS Authority (one or more of the UK governments) reviewing its own scheme and making recommendations to itself. Why do you believe this is an appropriate review mechanism? How will the UK governments ensure a degree of independence in the review process?

Before setting up a trading scheme, the Climate Change Act 2008 places a duty on national authorities to obtain, and take into account, the advice of the Committee on Climate Change, and to consult with those likely to be affected by the regulations. Each legislature will also have the opportunity to consider the published progress reports and recommendations, and any comments or recommendations you have will be taken into account. As part of reviewing the scheme, consideration will be given by the Welsh Ministers (as part of the UK ETS Authority) as to whether the UK ETS is consistent with targets and budgets set under Welsh legislation.

The Senedd has a role to play in scrutinising legislation relating to Welsh carbon budgets and targets laid under the Environment (Wales) Act 2016, which is the wider picture the UK ETS has been designed to contribute to.

8. The Order sets out that reviews must be concluded by 31 December 2023 and 31 December 2028. Can you explain why this timeline has been chosen? Can you explain how this will complement the timelines for carbon budgeting and interim targets set out in Welsh legislation?

The reviews need to look back at the operation and effectiveness of the scheme and to look forward at potential changes.

Given this is a new scheme, there needs to be a reasonable length of time for it to bed in before we can draw robust conclusions from any evaluation. If the review results in proposals for scheme changes, the most appropriate time to

introduce them would be at the start of the second allocation period. Developing proposals by December 2023 provides sufficient foresight of changes to the market and allows time to consult, finalise detailed proposals, draft legislation, undergo scrutiny, prepare operationally and implement changes on 1 January 2026.

The same is true for evaluating the second allocation period by 31 December 2028 to determine whether changes are necessary for the next full phase of the scheme, from 1 January 2031.

Additionally, the reviews are exactly in line with the EU ETS Phase IV reviews and the Paris Agreement Global Stocktake efforts. Aligning the review points with the EU ETS is beneficial in the event the scheme is linked to the EU system. Aligning them with the Global Stocktake dates ensures the UK ETS remains aligned with global ambitions on carbon.

Each consecutive carbon budget is set 5 years before the start of the 5 year budget period. Therefore, the 2023 review and forward looking recommendations will take account of the 2026-2030 carbon budget. Similarly, the 2028 review and recommendations will consider the 2031-2035 carbon budget.

9. Do you have any concerns about the governance arrangements arising from the framework, including arbitration arrangements in the case of disputes?

We are finalising the governance arrangements for the framework within the Framework Outline Agreement and Concordat. However, unlike many other emerging frameworks, the roles for Welsh Ministers are defined within the legislation. Therefore, the Concordat is in large part a means of operationalising the governance requirements.

The governance structure consists of several levels – official level working groups, the senior Official level Board, then Ministerial level quadrilaterals. The final step, should Ministers fail to agree, would be escalation to the JMC[EN].

However, we are also required to seek advice from the CCC ahead of legislating for trading schemes and, therefore, we will all receive the same independent evidence to support our decisions. Based on this, and the statutory emissions reduction targets we all need to work to, I would anticipate us being closely aligned in our thinking and unlikely to resort to dispute resolution.

10. The response of the four governments to the consultation on the proposed UK ETS said that “55 respondents indicated that they had a UK-wide interest in the operation of the system, whereas 19 indicated England, 8 indicated Scotland, 6 indicated Wales and 2 indicated Northern Ireland. Note that respondents were able to select multiple locations.” In the EM accompanying the Order, you also referred to two stakeholder events

“held in Wales to gather views of interested parties including potential scheme participants.” Are you satisfied that Welsh businesses and stakeholders have been consulted sufficiently?

I’m satisfied we gave interested parties a good opportunity to comment, including issuing alerts on the consultation and invites to our virtual events through NRW’s contact list to all scheme participants in Wales. In reality, many operators choose to issue responses through their trade bodies or other industry representatives.

Given the nature of the scheme, many participants have multiple installations across the UK. It is, therefore, unsurprising only to receive 6 responses from those located only in Wales.

11. The EM says that the ETS scheme will incur staffing costs for Natural Resources Wales. However, “it is not anticipated the scheme will result in any additional staff costs compared to” remaining in the EU ETS. Can you confirm that you are satisfied that NRW has sufficient resources to undertake its work as a regulator of the UK ETS in Wales?

The role of NRW as environmental regulator of the UK ETS is comparable to the role it currently performs under the EU system. Therefore, on the basis the scope will be maintained in the early years, I am confident NRW has sufficient resources. In future, if the scope were to be expanded and significantly more installations or operators came under the scheme, staff resources would be reviewed.

In terms of funding this activity, the regulators charge participants to undertake their regulatory activities and, consequently, NRW would have the facility to cover any future increases in cost.

12. In the EM, you explain that, currently, funds generated by the EU ETS scheme are “not hypothecated but contribute to general Treasury coffers”. You go on to say that “an alternative approach the Welsh Government supports for is the establishment of an industrial decarbonisation fund to recycle auction receipts into funding packages for deep decarbonisation of our industries.” Can you confirm whether funds generated by the proposed UK ETS scheme will continue to be returned to the treasury? Can you explain the status of your proposed “alternative approach” for an industrial decarbonisation fund?

I put forward my strong preference for a fund during Ministerial discussions in the Spring and would expect further discussions with UK Ministers on this aspect over the coming months. The decision on a fund is wrapped up in much wider considerations around the costs of the transition to net zero and has not yet been finalised. I am encouraged the UK Government is open to establishing a

Ministerial forum to discuss policies for net zero and would expect funding options to feature in those discussions.

- 13. The UK Government has undertaken an impact assessment for the Order. The assessment does not consider certain issues that are specific to Wales, such as the impact of the proposals on the Welsh language or an assessment of the measure against the wellbeing goals. Are you content with the impact assessment that has been undertaken?**

The impact assessment was undertaken by BEIS analysts on behalf of the UK scheme and I agreed to its content ahead of publication. An integrated impact assessment was also conducted by my officials and I attach the summary for your information.

- 14. Will the proposed framework have any impact on existing or planned Welsh legislation and/or policies?**

The ETS scheme framework doesn't require changes to any other Welsh legislation. However, it is one of a suite of policies to support industrial decarbonisation and our move away from fossil fuelled power generation. We will consider the scope and impact of the UK ETS when developing future policies in this area.

- 15. In your letter, you refer to a second, more technical Order that is due later this year. Can you clarify when the Committee can expect to see this Order, what it will cover, and the extent to which the Senedd will have an opportunity to scrutinise it?**

We are finalising an Order which will be made using the negative procedure. This will deal with the allocation of free allowances and matters concerning the registry of allowances. Subject to the Order currently laid being approved by the Senedd and other legislatures, we are planning to take both Orders to the Privy Council meeting in November before laying the second Order in each of the UK legislatures for scrutiny.

UK EMISSIONS TRADING SCHEME

Welsh Government Integrated Impact Assessment – Summary

Copies of the full assessments are available upon request

WHAT ACTION IS THE WELSH GOVERNMENT CONSIDERING AND WHY?

The proposed UK Emissions Trading Scheme (UK ETS) policy framework and associated legislation will establish a UK-wide carbon market, to encourage cost-effective emissions reductions from the power, industrial and aviation sectors. This is a policy replacement for the UK's participation in the EU Emissions Trading System (EU ETS), which will cease at the end of the Brexit Transition Period. The proposed UK scheme also allows for a potential link between a UK ETS and the EU ETS in due course, subject to negotiation between the UK Government and the EU.

Emissions trading systems ensure the 'polluter pays' principle is adopted by deploying a 'cap and trade' mechanism, where a cap is set on the total amount of certain greenhouse gases that can be emitted by installations and flights covered by the system. Within the cap, participants receive or buy emission allowances which they can trade with one another as needed. This cap is reduced over time, so that total emissions fall.

The proposed UK ETS sets out the scope of participants, the environmental ambition as indicated by the cap and trajectory of allowances, requirements for monitoring, reporting and verification, charging, compliance and enforcement, penalties and appeals, and scheme reviews.

Long Term, Prevention and Integration

Climate change is a serious and global threat to the wellbeing of current and future generations. The associated environmental, ecological, economic, health and social impacts are well documented. The current EU ETS participants within Wales account for around 46% of Wales' total emissions. Hence this policy is a crucial part of the Welsh Government's efforts to achieve its climate change ambitions and statutory targets.

The first phase of the UK ETS is set for 10 years from 1 January 2021 to 31 December 2030. This provides long term certainty for scheme participants, supporting informed investment decisions.

Collaboration and Involvement

The development and future governance of the proposed UK ETS are being managed through a collaborative 'Common Framework' approach between all four governments across the UK nations and their regulators.

The proposed UK ETS will decarbonise those sectors of our economy responsible for the greatest carbon emissions. The four governments must ensure this is achieved in a way which retains and strengthens industry in the UK and does not simply result in industry facing insurmountable economic headwinds. The scheme seeks to avoid the risk of closures and associated regional economic shocks, as well as the risk of 'offshoring' emissions.

Working with the industries targeted by the policy is crucial. A 10 week consultation ran from 2 May 2019 to 12 July 2019, setting out the preferred approach to UK carbon pricing and seeking views on the design of a future scheme. In addition to UK Government run events, two stakeholder events were held in Wales – one in Swansea and one in Llandudno.

Following publication of the Government response and further to a UK wide event, a Wales event with industrial stakeholders was held on 16 June 2020 to discuss the results of the consultation.

The joint government response to the consultation, which includes a summary of the consultation responses, is available at <https://gov.wales/future-uk-carbon-pricing> .

Stakeholder engagement between policy teams, regulators and future scheme participants is ongoing. On a practical basis, this includes stakeholder testing of the new IT systems, support to ensure the required registrations and permits are in place and assistance to ensure a smooth transition from the EU ETS to the UK ETS. Additionally, we will be seeking stakeholder input into future ad hoc and whole system reviews of the scheme.

Impact

The Welsh Government's Explanatory Memorandum to The Greenhouse Gas Emissions Trading Scheme Order 2020 includes a Regulatory Impact Assessment on the proposed UK ETS. Overall, the analysis concludes that a standalone UK ETS design would be expected to deliver significant decarbonisation benefits, with minimal impacts upon industry and business competitiveness when compared with continued participation in the EU ETS. A linked scheme could provide a wider carbon market, which would be likely to result in reduced costs for businesses.

A number of reviews of the UK ETS will be conducted following the launch of the scheme. The aim of the reviews will be to ensure the UK ETS continues to be fit for purpose and meet its policy objectives.

Costs and Savings

The main additional costs of the UK ETS, compared with the current EU ETS arrangements, are the administrative costs to Government in setting up the UK ETS (in particular the IT systems), the cost of amending or issuing permits, and additional resource costs to scheme participants due to the risks of higher carbon costs under the standalone UK ETS.

The IT systems being developed for the UK ETS are a registry to hold emissions allowances and a system for permitting, monitoring, reporting and verification (PMRV). Both systems will replace

the corresponding EU systems which the UK currently access. The estimated costs are £3.45 million for the registry and £3.25 million for the PMRV system. There will be additional costs in the event of a linking agreement, to facilitate interaction with the EU systems. The majority of the cost for both systems is funded through the UK Government's EU exit funding pot. However, from 2021/22 it is anticipated the Welsh Government will contribute to the PMRV development costs, and future enhancements of both systems. An estimate of costs for 2021/22 is £80,000 - £120,000. Thereafter, costs are projected to be significantly lower.

Mechanisms have been introduced into the scheme to manage extremes of carbon prices, ensuring the incentive to decarbonise remains while protecting businesses against extremely high costs. This includes an auction reserve price (ARP) of £15 per allowance. Additionally, free allowances are allocated to some industrial installations to ensure they remain globally competitive.

The degree to which these costs are significant to individual businesses will depend on a wide range of factors and will vary depending on the characteristics of the business affected and the amount of free allocation that they receive. However, higher carbon costs in the short term could also increase the sustainability of our industrial base through an increased incentive for more innovation and investment in low-carbon technologies, which will improve their long-term competitiveness.

CONCLUSION

How have people most likely to be affected by the proposal been involved in developing it?

The proposed UK ETS applies directly to particular energy intensive installations and sectors of industry. There are no anticipated significant impacts upon individuals or particular groups of people.

The development and future governance of the proposed UK ETS are being managed through a collaborative 'Common Framework' approach between all four governments across the UK. The environmental regulators and those who will be responsible for managing the IT systems are also collaborating on the scheme design, bringing with them valuable experience of working within the EU ETS regime.

Industry stakeholders have been, and will continue to be, consulted on the development and operation of the scheme. A 10 week consultation ran from 2 May 2019 to 12 July 2019, setting out the preferred approach to UK carbon pricing and seeking views on the design of a future scheme. This included stakeholder events held in Wales.

The UK ETS has no direct links with the Welsh Government's Cymraeg 2050 strategy but Welsh Language provisions are included in all stakeholder engagement and communications, in compliance with the Welsh Government's Welsh language Standards.

What are the most significant impacts, positive and negative?

The main (beneficial) impact of the proposed UK ETS will be to reduce emissions from particular energy intensive installations and sectors of industry. The ‘traded sector’ to which this carbon-trading scheme applies accounts for around 46% of Wales’ total carbon emissions. As such, the benefits of the scheme will be highly significant in meeting Wales’ overall emissions reduction targets. The design of the scheme provides for maximum overall emissions reduction while minimising impacts upon business competitiveness as far as possible. Furthermore, it seeks to avoid undue shock to scheme participants by maintaining arrangements that are as close as possible to the existing EU ETS arrangements (which the UK will be leaving at the end of the Brexit Transition Period), and through specific pricing control mechanisms built into the scheme.

The potential long-term impacts of climate change are far-reaching and highly significant. The UK ETS will contribute to minimising the associated long-term impacts on climate, natural resources and society.

No significant negative impacts have been identified. There may be marginal additional costs to business compared to the counterfactual, remaining in the EU ETS.

In light of the impacts identified, how will the proposal:

- **maximise contribution to our well-being objectives and the seven well-being goals; and/or,**
- **avoid, reduce or mitigate any negative impacts?**

The UK ETS is designed to provide a replacement for the EU ETS. It will play a significant part in meeting Wales’ emissions reduction targets. In so doing, it will be contributing to the Wellbeing of Future Generations in the following ways:

- A prosperous Wales – ensuring a low carbon society which recognises the limits of the global environment and therefore uses resources efficiently and proportionately (including acting on climate change). This includes developing frameworks which both incentivise decarbonisation, but do so in a way which strengthens industry in Wales and protects employment.
- A resilient Wales – Limiting additional impacts upon biodiversity and the natural environment associated with long-term emissions.
- A healthier Wales – Avoiding the impacts of climate change upon health and wellbeing.
- A more equal Wales – Avoiding wider, secondary, impacts of climate change upon society.

Climate change has been shown to impact disproportionately on disadvantaged sections of society. The contributions this scheme makes to decarbonising Wales will ensure these

impacts are not exacerbated further. The scheme will also compliment work done elsewhere to create equality in Wales by protecting jobs

- A Wales of cohesive communities – Supporting local economies and communities by providing a sustainable approach towards decarbonisation of industry and supply chains.
- A globally responsible Wales – Contributing to global emissions reduction, policy designed to protect against offshoring of emissions.
- A Wales of vibrant culture and thriving Welsh language – all stakeholder engagement to follow Welsh Language policy guidelines by ensuring the sustainability of natural resources within our communities and living environments this proposal indirectly also support the sustainability of Welsh speaking communities.

How will the impact of the proposal be monitored and evaluated as it progresses and when it concludes?

The Greenhouse Gas Emissions Trading Scheme Order 2020 specifies two major, whole system reviews during the 10 year phase. An initial review of the UK ETS to be conducted from 2023 to assess whole system performance during the first half of the phase (2021-2025) with any necessary changes to design features implemented by 2026; a full review from 2028 onwards to assess whole system performance across all of Phase I (2021-2030) with any update to the UK ETS rules implemented for 2031 (Phase II). These reviews are aligned with the EU ETS Phase IV reviews and Paris Agreement Global Stocktake efforts.

UK ETS Common Framework

Summary document

Policy Background

The UK currently participates in the EU Emissions Trading System (EU ETS), which is the world's largest trading system for greenhouse gas (GHG) emissions. Emissions trading schemes work on the 'cap and trade' principle, where a cap is set on the total amount of certain GHGs that can be emitted by participating installations and aircraft. Within the limits of this cap, participants receive or buy allowances equivalent to their own emissions, which they can trade with one another as needed. The overall cap is reduced over time, so that total emissions fall.

At the end of the Transition Period (on 31st December 2020), the UK will cease to participate in the EU ETS.¹ A replacement carbon pricing policy is required to stimulate emissions reduction from large UK emitters within the industrial, power and aviation sectors currently participating in the EU ETS.

In 2019, the UK Government and devolved administrations (DAs) undertook a public consultation seeking views on the UK's future carbon pricing policy. This consultation set out policy positions for a UK-wide Emissions Trading System (UK ETS), whilst noting that fall-back options included a carbon emissions tax, or remaining in Phase IV of the EU ETS.

The four Governments are open to considering a link between a future UK ETS and the EU ETS, if such a linking agreement is in both sides' interests and recognises both parties as sovereign equals with our own domestic laws. A link between the UK and EU trading schemes could help to establish a much larger carbon market, which could increase opportunities for emissions reduction and cost-efficiency of emissions trading.

Rationale for seeking Common Framework

The UK Government and the DAs are committed to carbon pricing as an effective emissions reduction tool. Placing a price on carbon creates the incentive for emissions to be reduced in a cost effective and technology-neutral way, while mobilising the private sector to invest in emissions reduction technologies and measures.

Climate policy, including the establishment of emissions trading systems, falls within devolved competence. However, the UK Government and DAs have agreed to jointly introduce secondary legislation to establish a single, UK-wide ETS with a common set of rules for participants. There are several benefits of such an approach (as opposed to separate systems in the four UK nations):

- A UK-wide system will create a larger carbon market, with greater liquidity, and a consistent carbon price across the UK.

¹ By virtue of Article 9, Annex 4 of the Ireland / Northern Ireland Protocol, NI electricity generators will continue to participate in Phase IV of the EU ETS to ensure a common carbon price on the island of Ireland to maintain the SEM (Single Electricity Market)

- Access to a larger carbon market increases opportunity for emissions reduction and the cost effectiveness of emissions trading.
- A common, UK-wide approach to carbon pricing avoids ‘carbon leakage’², which could have a negative effect on the contribution of the policy to reduce emissions in line with international obligations, and the UK’s pathway towards our net zero target.

The UK ETS is designed to operate on a UK-wide basis, and therefore the rules for operators need to apply consistently across the UK to ensure the integrity of the system.

Nonetheless, any proposals for policy divergence between administrations will be considered by the four administrations jointly, using the agreed governance process that will be established in the UK ETS concordat. Any areas in which divergence is proposed will be considered by all parties to the concordat considering any potential impact on the functioning of the UK Internal Market, in line with the Common frameworks principles agreed at JMC(EN).³

Stakeholder engagement

Between May and July 2019, the UK Government and DAs jointly consulted on the future of carbon pricing in the UK after EU Exit, setting out policy proposals for a UK-wide ETS which would be operational from 1st January 2021. The consultation received over 130 responses, from a range of stakeholders across the UK including current EU ETS participants and NGOs, with the majority of respondents to each question supporting the proposal being put forward.

As part of this consultation, UKG and the DAs ran stakeholder events across England, Wales, Scotland and Northern Ireland. Views from all stakeholders on proposals for a UK-wide ETS were taken into account when considering the final policy design.

The joint Government Response to the consultation was published on 1st June 2020 and can be accessed here: <https://www.gov.uk/government/consultations/the-future-of-uk-carbon-pricing>

Approach to framework

The UK ETS will be established using secondary legislation made using existing primary powers under the Climate Change Act 2008 (the CCA), and through the Finance Act 2020. A non-legislative agreement (concordat) will set out the principles underpinning the ongoing oversight and governance of the system by Officials and Ministers from the four administrations, including decision-making and dispute resolution processes. These elements are explained in more detail below.

² Carbon leakage occurs when businesses transfer production to other countries with less stringent emissions constraints

³ The JMC(EN) principles can be found here: https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/652285/Joint_Ministerial_Committee_communique.pdf

Legislation

UK ETS legislation comprises:

- *The Greenhouse Gas Emissions Trading Scheme Order 2020*: an affirmative procedure Order in Council under the **CCA** to set up a UK-wide ETS which will be operational from 2021. Key provisions included in this instrument cover the scope of the system, monitoring and reporting requirements, the cap and trajectory and the roles of the regulators in monitoring and enforcing the rules of the system. This Order was laid in the UK and Devolved Parliaments in July and is expected to be in force by the end of the Transition Period in all four nations.
- *The Greenhouse Gas Emissions Trading Scheme Order (Amendment) 2020*: a negative procedure Order in Council under the Climate Change Act which will amend the affirmative procedure instrument once made to include provisions for free allocation and the UK ETS registry. This Order is due to be laid in the UK and devolved Parliaments in November.
- A charging clause to be taken in the *Finance Act 2020*, to provide for the UK Government to charge participants for emissions allowances at auction.
- An affirmative procedure statutory instrument to be introduced under the Finance Act 2020 to establish rules for the auctioning of emissions allowances and mechanisms to support market stability. This instrument is expected to be laid in the UK Parliament in November.
- Additionally, the *Recognised Auction Platforms (Amendment) Regulations 2020* will be laid in draft before both the Commons and the Lords. This SI will set out the regulations for the trading of emissions allowances in the UK Emissions Trading System (ETS), including establishing the rules for access to the auction platform and rules for the relevant disclosures. It will enshrine an oversight role for the Financial Conduct Authority (FCA) such that the FCA can monitor the auctioning process and secondary market trading to prevent market abuse and ensure the effectiveness of the system. This SI will ensure that UK emissions allowances are subject to the relevant regulatory oversight and treatment as Financial Instruments.

UKG/DA governance concordat

The UK Government and DAs have together developed UK ETS governance principles and arrangements over the past two years, including processes for decision-making and dispute resolution. A non-legislative agreement in the form of a concordat will set out governance arrangements for the UK ETS, including processes for making decisions and resolving disputes under the system.

Governance processes shall be set out in more detail in the UK ETS Framework Outline Agreement (FOA), and in the resulting concordat. Key governance principles, which UK Government (BEIS, HMT and DfT) and the DAs have agreed to adhere to, are set out below:

- Proposals relating to all areas of UK ETS policy should be considered using the joint governance process.
- The four administrations are committed to, wherever possible, taking decisions jointly. Where the four administrations agree that an individual administration holds exclusive competence over a particular matter, that administration will not exercise that competence to take a decision unilaterally without first having discussed it with all other administrations.
- All four administrations will endeavour to ensure market and legislative stability throughout the agreed ETS phases. The UKG and DAs should adhere to planned review points and ensure that significant legislative and policy changes are aligned with these planned review points.
- The four administrations are committed to seeking advice from their statutory advisors, the Committee on Climate Change prior to laying legislation.
- Working groups for discussion of policy decisions and system interventions under the UK ETS should include representation from BEIS, the DAs, HMT, DfT (where appropriate) and the environmental regulators (where appropriate).
- At ministerial level, BEIS and DA Ministers (and DfT Ministers, where appropriate) will be sighted and engaged in discussions where a policy decision relating to elements of the policy set out under the Finance Act is being considered. A ministerial level discussion should constitute a two-way exchange, with BEIS and DA Ministers allowed sufficient time to consider the decision and raise challenges. Responsibility for final sign-off of decisions relating to the elements of a UK-wide emissions trading system set out in Finance Act provisions will lie with the Chancellor (HMT). Before final sign-off, HMT Ministers should respond to challenges raised and provide justification for decisions reached. Should a UKG or DA Minister dispute a decision in a reserved policy area, this can be escalated to the JMC Secretariat.
- As the UK Government department responsible for aviation policy, DfT should have the option to attend all Official and Senior level groups given the potential impact of decisions made under a UK ETS on aviation. Agreement from DfT ministers must be gained before agreeing a UK Government policy position focused on aviation under a UK ETS.
- For the most effective use of the governance structure, and ultimately the operation of the system, proposals should be discussed and, where possible, a recommendation agreed at Official Level working groups.
- For all proposals, the UK Government and DAs should seek to obtain appropriate and relevant evidence to support recommendations reached. Any relevant evidence obtained must be taken into account in reaching a recommendation.
- In all decision-making, the parties to the framework will adhere to the common framework principles agreed at JMC (EN) in October 2017.

Process for completion

Legislation

UK ETS Legislation		
Instrument	Laying date	In force date
The Greenhouse Gas Emissions Trading Scheme Order 2020	13 th July (UK Parliament, Scottish Parliament), w/c 15 th July, (Welsh Parliament) 15 th July (NI Assembly)	Mid-November
The Greenhouse Gas Emissions Trading Scheme Order (Amendment) 2020	Mid-November	Mid-November
Finance Act 2020 (charging clause)	17 th March 2020	22 nd July 2020 (Royal Assent)
Auctioning and market stability mechanisms SI	October/November 2020 (TBC)	December 2020 – January 2021
Recognised Auction Platforms (Amendment) Regulations 2020	TBC	TBC

Framework Outline Agreement (FOA)

The UK ETS FOA will set out, in more detail, our approach to the common framework and proposed decision-making and dispute resolution processes. It has been used as a policy development tool.

The UK ETS FOA shall be cleared by UK Government and DA Ministers and will be presented to the UK and Devolved Parliaments alongside the concordat.

Governance concordat

Following JMC(EN) clearance of the provisional framework, the FOA and concordat will become available for parliamentary scrutiny. We expect that the FOA and concordat will be available for scrutiny in late October/early November.

Agenda Item 4.2

Senedd Cymru
Y Pwyllgor Newid Hinsawdd, Amgylchedd a
Materion Gwledig
UK Emissions Trading Scheme: Common
Framework
CCERA(5) ETS 01
Ymateb gan Ymddiriedolaethau Natur Cymru

Welsh Parliament
Climate Change, Environment and Rural Affairs
Committee
Cynllun Masnachu Allyriadau y DU: Fframwaith
Cyffredin
CCERA(5) ETS 01
Evidence from Wildlife Trusts Wales



Introduction

The world is starting to take note of the threat of climate catastrophe. In response, the Welsh government has joined many governments around the world in setting a net-zero emissions targets. However, we cannot tackle the climate crisis without a similar ambition to meet the nature crisis head-on; the two are inseparable.

The climate crisis is driving nature's decline; the loss of wildlife and habitats leaves us ill-equipped to reduce our emissions and adapt to change. Nature's incredible ability to trap carbon and provide other essential benefits is proven. But nature in the UK and Wales has seen a 60% decline in the last 50 years, and critical habitats are degraded and declining. Rapid cuts in our emissions must be matched with determined action to fix our broken ecosystems, so they can help stabilise our climate and our economy.

The UN **Intergovernmental Science-Policy Platform on Biodiversity and Ecosystem Services** (IPBES) report¹ highlighted that around 1 million animal and plant species are now threatened with extinction. It listed **climate change as a significant driver of this change in nature along with pollution**. It called for 'transformational change' so that nature can still be conserved, restored and used sustainably – this is also key to meeting most other global goals.

It is estimated that, globally, nature provides services worth around US\$125 trillion a year². Governments, business and the finance sector are starting to question how global environmental risks will affect the macroeconomic performance of countries, industries and financial markets. The World Economic Forum³ identified the global risks as extreme weather, climate policy failure and natural disasters and accelerating biodiversity loss. *"Of all risks, it is in relation to the environment that the world is most clearly sleepwalking into catastrophe."*

The Institute for Public Policy Research warns that climate breakdown, the poor state of the natural environment around the UK, pollution and our unsustainable use of natural resources are all increasing risks that are affecting our economy. In its report, the IPPR concluded that the UK stood on the brink of environmental breakdown⁴. The authors drew parallels with the coronavirus pandemic. Laurie Laybourn-Langton, the associate fellow at IPPR, said: *"The threats posed by the environmental crisis could also emerge quickly and could overwhelm our capacity to respond."*⁵ We must act now, and we must get this right. According to the Intergovernmental Panel on Climate Change (IPCC), decisions we take in the next 10 years are crucial for avoiding total climate catastrophe. We must kickstart nature's recovery and make nature-based solutions to climate change a priority.

Nature can make a massive contribution to achieving net-zero, but only if we restore our damaged

ecosystems. **Restoring our natural systems could provide 37% of the UK's CO2 mitigation needed by 2030 to meet the Paris Agreement. But this will require substantial funding over the short to medium term. However, at the minute, there is no road map to investment into biodiversity recovery or climate action** beyond agricultural payments or the welcomed but short-term announcement of RDP funding.

Therefore, we propose that the **replacement to the EU Carbon Trading Scheme should fund nature-based solutions for climate change mitigation and adaption**. For example, peatland restoration, new native broadleaved forests and new wetlands, floodplain restoration⁶ etc.




Using this finance mechanism isn't transformational change but rather a common-sense change. It is asking the polluter to pay

- to mitigate their impacts on biodiversity caused by climate change and
- absorb the carbon that they are emitting through nature-based solutions.

If these opportunities are taken, it will help Wales achieve its international commitments highlighted below.

Biodiversity targets

Tagging biodiversity-relevant instruments in the database is useful to monitor progress towards international targets:

-  United Nations' **Convention on Biological Diversity** – Aichi Target 3
By 2020, incentives, including subsidies, harmful to biodiversity are eliminated, phased out or reformed (...) and positive incentives for the conservation and sustainable use of biodiversity are developed and applied. (...)
-  United Nations' **Sustainable Development Goal 14**
Conserve and sustainably use the oceans, seas and marine resources for sustainable development.
-  United Nations' **Sustainable Development Goal 15**
Targets 15A and 15B. Mobilize and significantly increase financial resources from all sources to conserve and sustainably use biodiversity and ecosystems (... and) to finance sustainable forest management (...).

Trading Scheme and Nature-Based Solutions

Restoring ecosystems, saving the climate and in doing so, improving people's lives needs to be central to recovery. We should not aim to rebuild the profits of private-sector industries or funding private companies to be less damaging. We should be using revenue from the scheme to fund nature-based solutions to climate change.

The **Greenhouse Gas Emissions Trading Scheme Order 2020**, Explanatory Memorandum states that *“the public sector will benefit from any auction revenues from the scheme. Using the two illustrative scenarios based on £15 per tonne CO₂e (the Auction Reserve Price) and £32 per tonne CO₂e, the 8.06 million allowances which were required to be purchased by Welsh participants in the EU ETS in 2019, and an assumption all allowances would be purchased at auction, the annual transfer to public-sector would be between £120.9 million and £257.93 million. Under current practices, these funds are not hypothecated but contribute to general Treasury coffers.*

However, an alternative approach the Welsh Government supports for is the establishment of an industrial decarbonisation fund to recycle auction receipts into funding packages for deep

decarbonisation of our industries".

Welsh Government should investigate how this revenue can be used to fund nature restoration and nature-based solutions. This could be the single most significant opportunity for the government to shape the future decade, and it could give a significant economic boost to rural Wales.

The options could include 100% of the revenue going nature-based solutions or a percentage, with the rest going to *'decarbonisation of our industries'*. If the latter option was preferred, Wales could use a similar model to the Landfill Disposals Tax (LDT) Communities Scheme.

Nature-Based Solutions

A new report by the Wildlife Trusts, *Let Nature Help*⁷, suggest that nature-based solutions could store enough carbon to outweigh a substantial proportion of the UK's existing greenhouse gas emissions. Doing so would also help to protect wildlife populations.

It is worth noting that

1. Oceans absorb 20-35% of human-made CO₂ emissions every year. Carbon is incorporated into the tissues of plants and animals, and later into mud and sediments.
2. Globally, plants have removed 25% of human-made CO₂ emissions. Soils contain more carbon than is stored in plants and the atmosphere combined.

All of the following contribute to creating carbon sinks, which absorb CO₂ from the atmosphere;

- **Returning degraded peatland and bog to its natural state.** - Peatlands are the UK's largest store far more carbon dioxide. They occupy about 12% of the UK's land area and store 5.5bn tonnes of carbon, over half of the entire countries current carbon storage and more than 35 times that our forests (forests store 150m tonnes of carbon, although forests grow faster, and absorb carbon faster, than peatlands)⁸⁹. But peatlands become part of the climate problem by giving off CO₂ when they dry out. Restoring peat moors is a relatively inexpensive way of tackling climate change by blocking up drainage ditches and bringing back vegetation to the moors.

In a report this last July, the **Office for National Statistics estimated that fully restoring the UK's lost peatlands could cost between £8bn and £22bn over the next 100 years. But it predicted savings of £109bn in terms of reduced carbon emissions**¹⁰. And there are other advantages to healthy peatlands. They provide more than 25% of the UK's drinking water and also help to control flooding by soaking up heavy rainfalls and releasing the water more gradually.

- **Grassland** - UK grasslands store 2 billion tonnes of carbon, but this is vulnerable to disturbance. We can restore species-rich grasslands to lock up carbon and support abundant wildlife.
- **Cultivating marine meadows of seagrass** – they store carbon 35 times faster than tropical rainforests and harbour up to 40 times more marine life than seabed without grass. Seagrass can store about half a tonne of carbon per hectare per year, and more when it is mature. Seagrass covers just 0.2% of the ocean but provides an estimated 10% of its carbon storage. Seagrass has a high turnover of leaves, and the dead ones fall into oxygen-poor sediments below where they trap carbon, similar to peatlands. The meadows also slow currents, allowing other organic material to drift down and be trapped, potentially for thousands of years.

The first seagrass restoration in Britain was in **Pembrokeshire**, which captured carbon

rapidly and offered habitat for lost marine life. However, seagrass beds are a rare habitat in the UK, a victim of past pollution and shipping. But the £400,000 Seagrass Ocean Rescue¹¹ project aims to change that and will ultimately place 20km of rope and a million seeds on the shallow seafloor, where they will sprout through the bags and restore the habitat.

The seeds are like small pine nuts, and many have been placed in their grow bags by **volunteer schoolchildren**. The first green shoots should appear by October.

The meadows are also a rich habitat, providing shelter and food for juvenile cod, plaice and other species. The 20,000 square metres being restored in Pembrokeshire could also support cuttlefish, pipefish and seahorses, and 200 million invertebrates such as the snakelocks anemone, stalked jellyfish and colourful snails. Seagrass meadows around the world also provide nurseries for a fifth of the world's biggest fishing species, including pollock, herring and whiting, meaning their restoration can improve catches. Seagrass restoration ticks so many boxes: climate, fisheries, water quality, biodiversity. But we will only get the benefits if we act now and at scale. Next in the team's sights are locations in North Wales, if funding can be obtained.

- **Restoring salt marshes and wetlands** – Wetlands can accumulate carbon for centuries, but in some areas of the UK, we have lost over 90% of our wetland habitat. Restored wetlands provide rich habitat, clean water naturally and reduce flood risk downstream

Salt marshes lock away vast amounts of carbon by taking carbon dioxide out of the atmosphere through their plant leaves and storing it in the roots. And, when the plants die, the carbon becomes part of the soil. Saltmarshes also

- help protect coastlines from storms, storm surges and erosion by creating a buffer between dry land and the sea, building up the height of the coast by trapping silt during floods and adding new soil from their decaying vegetation.
- provide a refuge for birds, fish and invertebrates;
- they provide clean water by filtering runoff, and they are low maintenance because they were naturally self-repairing.

However, in many places, salt marshes have been destroyed by drainage for land reclamation, coastal developments, sea walls, pollution and erosion. Globally, about 50% of salt marshes have been degraded, and the rest remain under threat. Schemes to restore salt marshes have proved successful, such as the

- **Wallasea Island Project**¹² - By 2025, the RSPB aims to have created 148 hectares of mudflats, 192 hectares of saltmarsh and 76 acres of shallow saline lagoons, with about eight miles of coastal walks and cycle routes allowing people to get closer to the island's wildlife.
 - **Essex Wildlife Trust's Abbotts Hall** is the site of a pioneering managed realignment scheme developed in 2002, and shows how farming and nature conservation can work side by side at the coast.
 - The **Anglesey and Llŷn Fens Project**¹³¹⁴ - the North Wales Wildlife Trust (NWWT) is working in partnership with Natural Resources Wales, Dwr Cymru and Anglesey Local Grazing Partnership created a holistic management approach to restoring the fens.
- **Planting the right tree in the right place** - About 1 billion tonnes of carbon are locked up in UK woodlands, mostly in the soils. Planting more woods and allowing natural regeneration could lock up more carbon, but this must be carefully planned to maximise benefits and avoid harming other habitats. Wales has historically invested in ecologically damaging woodlands. In the 1980s, peatlands and moorlands were planted with conifer plantations with ecological and climate-damaging results. Although the industry now talks about the

provision of ecosystem service benefits, these can also be derived, often in greater quality and quantity, from Wales' native broadleaved forest. Commercial woodlands tend not to be certified and still caused land management concerns as well contributing to polluting our rivers. What is needed is the restoration and expansion of existing native broadleaved woodlands, such as Wales rainforests, the Atlantic Oak woodlands, otherwise known as the Celtic Forest, that hold on along our western coastline.

¹ <https://www.un.org/sustainabledevelopment/blog/2019/05/nature-decline-unprecedented-report/#:~:text=The%20Report%20finds%20that%20around,20%25%2C%20mostly%20since%201900.>

² Costanza, R. et al. Changes in the global value of ecosystem services. *Global Environmental Change* 26: 152-158, doi:10.1016/j.gloenvcha.2014.04.002 (2014).

³ World Economic Forum [These are the biggest risks facing our world in 2019](#)

⁴ <https://www.ippr.org/environment-and-justice>

⁵ <https://www.theguardian.com/environment/2020/jun/24/tackle-uk-carbon-emissions-by-working-with-nature-government-urged>

⁶ https://assets.publishing.service.gov.uk/government/uploads/system/uploads/attachment_data/file/654440/Working_with_natural_processes_one_page_summaries.pdf

⁷ [Wildlife Trusts, Let nature help](#)

⁸ Guardian (Feb 2014) [Plantwatch: Nature's finest soakaway](#)

⁹ Guardian (Dec 2019) [Weatherwatch: restore peat bogs to fight climate change Peat moors store far more carbon dioxide than forests, as well as helping to control flooding](#)

¹⁰ [Office of National Statistics - UK natural capital: peatlands July 2019](#)

¹¹ <https://www.projectseagrass.org/seagrass-ocean-rescue/>

¹² <https://www.rspb.org.uk/our-work/our-positions-and-casework/casework/cases/wallasea-island/>

¹³ <https://www.northwaleswildlifetrust.org.uk/what-we-do-landing-page/wildlife-conservation/living-landscapes/anglesey-fens-living-landscape>

¹⁴ Anglesey and Llŷn Fens LIFE Project <https://naturalresources.wales/about-us/our-projects/nature-projects/anglesey-and-llyn-fens-life-project/?lang=en>

Agenda Item 4.3

Senedd Cymru
Y Pwyllgor Newid Hinsawdd, Amgylchedd a
Materion Gwledig
UK Emissions Trading Scheme: Common
Framework
CCERA(5) ETS 03
Ymateb gan Undeb Cenedlaethol yr Amaethwyr

Welsh Parliament
Climate Change, Environment and Rural Affairs
Committee
Cynllun Masnachu Allyriadau y DU: Fframwaith
Cyffredin
CCERA(5) ETS 03
Evidence from National Farmers' Union

Committee (CCERA) Call for Views into the UK Emissions Trading Scheme

1. NFU Cymru welcomes the opportunity to respond to the Climate Change, Environment & Rural Affairs Committee Call for Views into the UK Emissions Trading Scheme.
2. We note the CCERA Committee will shortly be undertaking a short piece of work scrutinising the proposed framework on the UK Emissions Trading Scheme which will replace the EU Emissions Trading System (EU ETS) which covers around 33% of UK emissions currently.
3. The scope of this UK ETS includes energy intensive industries, the electricity generation sector and aviation. This means that a UK ETS applies to greenhouse gas emitting processes in sectors like refining, heavy industry and manufacturing.
4. Agriculture as a non-energy intensive industry falls outside the scope of the UK ETS. NFU Cymru would take this opportunity to highlight our ['Net Zero' Agriculture](#) ambition.
5. The report highlights that agriculture is uniquely placed to be part of the solution to decarbonising the Welsh economy and achieving net zero as both an emissions source and sink.
6. There is no single answer and the achievement of net zero agriculture will need a range of measures under three broad headings of:
 - a. Improving farming's productive efficiency to reduce our greenhouse gas emissions – enabling farming to produce the same quantity of food, or more, with less inputs in smarter ways;
 - b. Farmland carbon storage in soils and vegetation – improving land management and enhancing land use to capture more carbon, through more hedgerows, more farm woodland, and especially more carbon-rich soil;
 - c. Boosting renewable energy and the bioeconomy to displace greenhouse gas emissions from fossil fuels and to create GHG removal through photosynthesis and carbon capture.
7. The policy measures needed to enable Welsh farming to make its contribution to meeting our net zero aspiration will require a partnership approach and concerted support across governments, agencies, academia and stakeholders to act with us to deliver on this ambition. Delivery of 'Net Zero Agriculture' will also require adequate revenue.
8. It would appear logical for revenues accrued through the UK ETS to be diverted away from general treasury funds and ring-fenced to fund in-country climate and energy projects and domestic decarbonisation action.

Agenda Item 4.4

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
Climate Change, Environment and Rural Affairs Committee

22 September 2020

Dear Mike

I refer to my letter of 8 June, regarding the Welsh Government's response to the recommendations included in your committee's report tabled on 24 April on fuel poverty in Wales.

Recommendation 9 of the report requested the Welsh Government to report back to the committee on the number of properties improved and the total spend through Arbed 3 for the second year of the three year programme. The committee also required information regarding the action I intend to take in the event figures on improvements and spend suggest Arbed 3 is continuing to underperform. In my response to this recommendation, I explained the management arrangements introduced when the Arbed contract was awarded in 2018, have enabled the Welsh Government to work closely with Arbed Am Byth representatives to ensure levels of activity are delivered in line with agreed forecasts.

I am pleased, therefore, to be able to report in 2019/20, the second year of the Arbed 3 scheme, combined Welsh Government and European investment of £18.1m improved 1,945 households with home energy efficiency measures. They have been delivered across 19 separate schemes in ten Local Authority areas. Bills payers will save an average estimated £289 on their annual energy bills as a direct result of these measures being installed. I have attached a copy of the full report for both Arbed and Nest schemes for the 2019/20 period for your information.

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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.

The committee will appreciate, however, delivery in year three of this current scheme will be challenging because of issues outside our control. The physical and social isolation measures necessary to tackle the COVID-19 pandemic will likely have an effect on scheme delivery in 2020/21. The Welsh Government is working closely with Arbed Am Byth to assess the full impact the pandemic will have on our delivery programme for this year. I will be happy to write again when the result of this assessment is known.

Regards

A handwritten signature in cursive script that reads "Lesley Griffiths". The signature is written in a light grey or blue ink on a white background.

Lesley Griffiths AS/MS

Gweinidog yr Amgylchedd, Ynni a Materion Gwledig
Minister for Environment, Energy and Rural Affairs

Annex

[Arbed Annual Report 2019-2020](#)

(15 pages)

[Nest Annual Report 2019-2020](#)

(20 pages)

Agenda Item 4.5

Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government



Llywodraeth Cymru
Welsh Government

Ein cyf/Our ref:

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

21 September 2020

Dear Mike

Following extensive consultation on the draft National Development Framework (NDF) last year, I have laid today the revised draft NDF before the Senedd for a 60-day consideration period.

The NDF is accompanied by a consultation report setting out the issues raised during the consultation, a schedule of changes I intend to make following consideration of the consultation responses, and an updated integrated sustainability appraisal. They can be viewed [here](#).

My response to the conclusions you made after your initial consideration of the draft NDF is included in the consultation report and is also appended to this letter. To support the scrutiny process I have today published two documents. The first sets out how I intend to monitor the NDF after its publication; and the second is a version of the schedules of changes document that has been laid in the format of the draft NDF document that was consulted upon last year. These documents are available to view [here](#).

I will be tabling an amendable motion in government-time to provide an opportunity for the Senedd to express its views on (but not approve) the draft NDF. The debate will take place during the Senedd's 60-day consideration period so the Government can reflect on the issues raised together with any recommendations from Senedd Committees in a timely manner.

During last year's consultation on the draft NDF, Senedd members expressed to me the importance of everyone being able to understand what the NDF was and what it would mean for them. Some thought the name 'national development framework' did not set out what the NDF was or would do. I have reflected on this and asked Children in Wales to help develop a new title. They suggested the name 'Future Wales – The National Plan 2040'. On publication, the NDF will be known by this new name and referred to in short as Future

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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.

Wales. You will see this new name appearing on some of the documents that will support the scrutiny process.

I look forward to working with the Senedd on the completion of Future Wales, our first National Development Framework.

Yours sincerely,

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive style with a large initial 'J'.

Julie James AS/MS
Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

Conclusion	Response
<p>Conclusion 1. The Welsh Government must use the NDF outcomes to articulate a bolder long-term vision. The national dimension of strategy needs to be more fully developed.</p>	<p>Accept</p> <p>The Introductory chapters of the NDF, up to and including the NDF Outcomes, will be updated and will be clearer on the role of the NDF and how it can help deliver bold changes. The Outcomes will be strengthened and will be complemented by a monitoring framework.</p> <p>Chapter 4 which covers the national strategic matters will be expanded, with additional policies on rural issues, transport, digital communications and flood risk. The linkages between the national issues and regional issues will be more clearly signposted by using cross-referencing and consistent structures.</p> <p>Financial Implication: None.</p>
<p>Conclusion 2. The NDF should use a set of clear principles of sustainable development, derived from the Well-being of Future Generations Act 2015, to underpin guidance on the identification of appropriate locations for growth and development.</p>	<p>Accept in principle</p> <p>The draft NDF set out how the Well-being of Future Generations Act, and its definition of sustainable development, shaped and informed its preparation. Chapter 1 of the NDF will be revised to ensure the key messages are clearly communicated. The Integrated Sustainability Appraisal embeds the principle of sustainable development at all stages of development of the NDF and ensures the NDF is as sustainable as possible.</p> <p>Financial Implication: None.</p>
<p>Conclusion 3. There is scope for more exploration and better presentation of the implications of the identified challenges and opportunities for each area of Wales. For each area, the NDF should map demographic, economic, environmental and Welsh language dimensions</p>	<p>Accept</p> <p>It is agreed that spatial representation of key issues will strengthen the NDF and help better explain the challenges and opportunities the NDF is seeking to address. Chapter 2 and the regional sections will be amended to include more maps and graphic presentation of data.</p> <p>Financial Implication: None.</p>
<p>Conclusion 4. There needs to be a clearer rationale for the allocation of policies between the NDF and PPW. Non-spatial policy should be reserved for PPW. Where a national policy is included in PPW and not the NDF, the NDF should signpost this.</p>	<p>Accept</p> <p>It is agreed that the relationship between the two documents and, it follows, the allocation of policies, could be more clearly articulated.</p> <p>The policies contained in the draft NDF reflected Government priorities outlined in its key strategy documents, particularly where these have a spatial expression, whilst PPW covers all major issues of relevance to the planning system.</p> <p>Chapter 1 of the NDF now provides a clearer rationale for the allocation of policies and this is set within a revised explanation of the relationship between the documents. An illustrative diagram will be included which exemplifies the topic areas covered in both documents. Together</p>

Conclusion	Response
	<p>these changes seek to highlight where topics are covered by both documents and where they are not.</p> <p>To highlight links between NDF policies and PPW we will include a visual cross-reference alongside each policy, with all links compiled in an appendix to the NDF.</p> <p>Financial Implication: None.</p>
<p>Conclusion 5. The Welsh Government should publish a matrix or grid that clearly identifies and cross-references the relationship between the NDF and other policies.</p>	<p>Accept in Principle</p> <p>It is acknowledged that clarity and transparency surrounding the relationships between policy documents is important. The NDF is accompanied by an integrated sustainability assessment which outlines the scope of documents which have a relationship with the NDF.</p> <p>The changes made in response to conclusion 4 are applicable to this conclusion and will provide clarity on the relationships between the NDF and other policies. Further, written statements on how the NDF links to other strategies will be included.</p> <p>Financial Implication: None.</p>
<p>Conclusion 6. The assessment of challenges and opportunities in the NDF should place Wales within its wider geopolitical context and address its external relationships.</p> <p>The Welsh Government should work with the UK Government to develop mechanisms to encourage cross-border collaboration on spatial planning matters of common interest.</p>	<p>Accept</p> <p>It is agreed that Chapter 2 of the NDF would be strengthened by a wider UK and geopolitical context.</p> <p>The Welsh Government welcomes opportunities to engage with the UK Government on spatial planning matters, but recognises that England has a significantly different legislative context and approach to spatial planning. The Welsh Government has worked with and involved the offices of the Mayors of the Combined Authorities in South West England, the West Midlands and North West of England in the preparation of the draft NDF. Forums such as the 5 Administrations meetings of Chief Planning Officers and the British and Irish Council have been utilised to develop shared approaches where possible. Where there are mutually beneficial opportunities for cooperation on spatial planning matters, for example the current work by the UK Geospatial Commission to develop mapping capabilities, the Welsh Government is eager to be involved.</p> <p>Financial Implication: None.</p>
<p>Conclusion 7. We are disappointed that there is insufficient alignment and reciprocity between the NDF, the Transport Strategy, the Low Carbon Wales Plan, the Wales National Marine Plan and the Wales Infrastructure Investment Plan. This must be addressed. The Welsh Government must also</p>	<p>Accept</p> <p>We agree the NDF will be strengthened when it is complemented by other Welsh Government strategies and plans. To a degree, this should emerge organically as documents such as the Transport Strategy and the Wales Infrastructure Investment Plan are revised in the coming years. An explanatory paper explaining how the NDF will evolve as it is reviewed was published in January 2020.</p>

Conclusion	Response
<p>explain how the NDF will support the foundational economy.</p>	<p>The revised NDF will clarify the relationship and links between the NDF and existing documents, such as Low Carbon Wales and the Wales National Marine Plan.</p> <p>The revised NDF will contain more specific references to the foundational economy, as defined in Prosperity for All: the economic action plan. Where discreet elements of the foundational economy are highlighted in the NDF – for example tourism - we will highlight that this is part of the foundational economy.</p> <p>Financial Implication: None.</p>
<p>Conclusion 8. The Welsh Government should make a statement on how the policies in the NDF will contribute to its ambition for there to be 1 million Welsh speakers by 2050.</p>	<p>Accept</p> <p>NDF Outcome 4 will be developed, setting out how planning can contribute to the wider ambition.</p> <p>The ISA contains a specific objective on the Welsh language and contains statements explaining how NDF policies contribute to the Welsh Government's strategic ambitions for the Welsh language.</p> <p>Financial Implication: None.</p>
<p>Conclusion 9. The Welsh Government should set out how the NDF is to be monitored.</p>	<p>Accept</p> <p>It is agreed that the NDF would be strengthened by an explanation of how the NDF will be monitored and reviewed. Chapter 3 will be expanded to provide an overview of the intended approach and a supporting paper explaining in detail the monitoring and review process published.</p> <p>Financial Implication: None.</p>
<p>Conclusion 10. The NDF should adopt the four region model recommended by Cardiff University.</p>	<p>Accept</p> <p>Cardiff University's August 2017 Report 'Identification of Regional Areas for the National Development Framework' concludes that there should be 4 NDF regions, with Ceredigion being included in the South West region and Powys forming a Central East Wales region in its own right. The report recognises that a single authority region may give rise to issues and states:</p> <p>If however there is a determination within Welsh Government that no single authority should constitute a region, it is suggested that consideration could also be given to a region composed of Ceredigion and Powys, given the existence of some northern linkages that exist between the two Unitary Authorities and some of the regionalization analysis.</p> <p>It is agreed the NDF should adopt the 4 region model recommended by Cardiff University on the basis that a region should comprise of more than one authority.</p> <p>Financial Implication: None.</p>

Conclusion	Response
<p>Conclusion 11. The NDF should recognise the opportunities for people to live and work sustainably outside towns and cities.</p>	<p>Accept</p> <p>The Welsh Government agrees that rural areas must provide opportunities for people to live and work so that they remain sustainable, resilient and successful places, complementing not competing against large urban areas.</p> <p>The NDF supports sustainable growth in all parts of Wales. National Growth Areas are complemented by Regional Growth Areas which will grow, develop and offer a variety of public and commercial services at regional scale. Development and growth in towns and villages in rural areas should be proportionate and of appropriate scale, and support local aspirations and need.</p> <p>In order to address these issues the draft NDF policy 4 on rural communities will be split in to two policies, a revised Policy 4 Supporting Rural Communities and a proposed new Policy 5 Supporting the Rural Economy. The purpose of this is to provide clearer focus and greater detail on the issues relevant to each policy and which will together provide a more coherent strategy for rural areas.</p> <p>The revised NDF strongly supports communities in rural areas; the aim is to secure sustainable economic and housing growth which is focussed on retaining and attracting working age population and maintaining and improving access to services.</p> <p>The revised NDF recognises the need for a broad economic base to provide employment opportunity, increased skill levels and wages, and identifies sectors which Planning Authorities should seek to encourage, including the foundational sector (especially tourism and food and drink), agricultural diversification and innovative and high technology enterprise.</p> <p>The revised NDF emphasises that settlements reflect good placemaking principles to create vibrant and active places where people can walk and cycle and are less reliant on cars, resulting in greater well-being and health benefits. Public transport initiatives are supported together with active travel and growth of electric charging networks. The NDF supports stronger strategic links across and between regions.</p> <p>The revised NDF states regions should work together to identify ways to develop stronger strategic transport links between rural areas and larger towns and cities for mutual economic benefit.</p> <p>Financial Implication: None</p>
<p>Conclusion 12. The NDF should set out a positive strategy for economic and social renewal and development in rural Wales.</p>	<p>Accept</p> <p>It is agreed the NDF should be revised to present a more positive message for rural areas. Proposed Policy 5 highlights the opportunities for growth and development</p>

Conclusion	Response
<p>This strategy should encourage appropriate economic growth, improved transport and ecological connectivity.</p>	<p>in rural areas and recognises the challenges that need to be addressed in order to establish economically and socially strong and sustainable places.</p> <p>Draft NDF policy 4 on rural communities will be split in to two policies. A revised Policy 4 Supporting Rural Communities and a new Policy 5 Supporting the Rural Economy. The purpose of this is to provide clearer focus and greater detail on the issues relevant to each policy and which will together provide a more coherent strategy for rural areas.</p> <p>The revised NDF will identify the sectors which are important to rural areas and which should be supported. The rural economy needs to establish a broad employment and skills base to build resilience and sustainability. It is essential that opportunities exist in rural areas to retain and attract people of working age, help tackle social issues and contribute to well-being. The revised NDF supports the foundational sector (emphasising the likes of tourism and food and drink), start-ups, micro business, agriculture and diversification. The revised NDF also recognises the importance of innovative and high technology business in rural areas to help rural areas unlock their full potential. Planning Authorities should encourage the growth of all these sectors, and supply and distribution networks, through policies in Strategic and Local Development Plans.</p> <p>The revised NDF emphasises that rural settlements reflect good placemaking principles to create vibrant active places where people can walk and cycle and are less reliant on cars, resulting in greater well-being and health benefits. Public transport initiatives are supported together with active travel and growth of charging networks.</p> <p>The revised NDF talks in detail about transport and connectivity generally across Wales and much of this also applies to rural areas. It has a proposed new Policy 11 National Connectivity and proposed new Policy 12 Regional Connectivity.</p> <p>Ecological connectivity is covered in detail in draft Policy 8 Strategic Framework for Biodiversity Enhancement and Ecosystem Resilience; this has been slightly revised and has been renumbered as proposed Policy 9 Resilient Ecological Networks and Green Infrastructure.</p> <p>The essential nature of digital communications in rural areas is highlighted to support social and economic interaction, access to services and to help tackle isolation and exclusion and improve well-being. The revised NDF supports the need for modern fast digital infrastructure in rural areas. Local Planning Authorities should work with mobile phone and broadband operators to ensure the needs of rural areas are assessed and planned for through the Strategic and Local Development Plan</p>

Conclusion	Response
	<p>process. Mobile Action Zones will contribute to this objective and a new Digital Communications policy has also been introduced to the NDF.</p> <p>Financial Implication: None</p>
<p>Conclusion 13. The Welsh Government should indicate how the strategy in the NDF is to be given effect before SDPs are adopted. Local Planning Authorities have demonstrated a limited appetite for SDPs. The Welsh Government should explain how the development of such plans can be incentivised.</p>	<p>Accept</p> <p>The NDF will have effect as a development plan from the day it is published and will be used in decision-making. When the NDF is published there may be need to review lower tier plans to ensure they are in general conformity with the NDF.</p> <p>Recognising that Strategic Development Plans (SDPs) are not yet in place, the NDF has a strong focus on regional planning. NDF regional policies set out the key regional issues identified through the plan preparation process to provide a starting point for the preparation of SDPs. This provides a context for regional planning in advance of the adoption of SDPs. As SDPs are required by law to be in conformity with the NDF, the regional content of the NDF provides a clear outline of the matters SDPs must address while enabling regionally-distinctive approaches to be developed. Proposed Policy 19 in Chapter 5 of the NDF sets out the framework for the preparation of SDPs.</p> <p>The NDF's regional policies will focus Welsh Government and key stakeholder action and investment in the four regions, identifying key strategic spatial issues and providing a framework for the co-ordination of national economic, housing, regeneration, environmental, flooding, energy, rural and transport policy delivery. SDPs, when prepared, will develop and add detail to the regional policies of the NDF.</p> <p>An important feature of the three-tiered development planning system is the ability of higher tier plans to be influenced by the emergence and adoption of other development plans. In time it is anticipated the NDF, SDPs and LDPs will inform and shape each other and this relationship will ensure a strong, effective planning system at all levels.</p> <p>The NDF has been prepared to directly support the delivery of SDPs. The Local Government and Elections (Wales) Bill 2019 has specifically considered regional planning and places a duty on Local Authorities to work together to prepare SDPs. This will ensure greater certainty on the delivery of SDPs. The Welsh Government will consider using its intervention powers, if required, to commence and drive the preparation of Strategic Development Plans.</p> <p>Financial Implication: None</p>
<p>Conclusion 14. The Welsh Government should indicate</p>	<p>Accept</p>

Conclusion	Response
<p>how it will ensure that national and regional strategic planning and city region deals are co-ordinated and properly aligned. The Welsh Government should set out its understanding of when Regional Economic Development plans will be published.</p>	<p>The NDF is highlighted in Prosperity for All as holding an important role in driving sustainable growth and combating climate change by guiding strategic development over the next 20 years.</p> <p>The NDF supports the delivery of the Economic Action Plan (EAP) and will help plan and consent the modern connected infrastructure the EAP seeks to deliver; ensure jobs are closer to homes; and develop a stronger approach to regional planning and delivery.</p> <p>City deals and the provision of infrastructure to stimulate growth across wider regional areas, will rely on the planning system to help co-ordinate infrastructure delivery, land-uses and maximise the benefits of investment across regions.</p> <p>The Welsh Government's Chief Regional Officers are preparing Regional Economic Frameworks to drive the Welsh Government's regionally focussed approach to economic development. The NDF, with its strong regional focus and direction for Strategic Development Plans, will directly support this approach.</p> <p>Prosperity for All: the Economic Action Plan set a commitment to a more regionally focussed approach to economic development and sets out the intention to develop regional economic plans in each of the regions of Wales.</p> <p>Having engaged with stakeholders the consensus feedback has been the need not for a plan, but rather for Regional Economic Frameworks which set out a shared set of economic priorities across the public, private and third sectors and a shared framework for their delivery within each of the regions. Regional Economic Frameworks (REFs) are important vehicles for facilitating collaborative delivery and it is intended that the REFs will in practice be a high level and long-term economic development strategy for each region, led by Welsh Government, co-designed and co-delivered with the regional partners.</p> <p>The REFs will identify and develop the distinctive strengths of each of the Welsh regions, supporting inclusive and sustainable economic growth, and will maximise opportunities to address regional and local inequalities, helping the Welsh Government and participating partners to contribute to the Well-being Goals for Wales. This is consistent and complementary to the aims of the emerging national (all-Wales) Regional Investment Framework and work is being taken forward in tandem, working closely with colleagues in WEFO.</p> <p>The regional teams, led by the Chief Regional Officers, have been working with key stakeholders and partners over the past months to gather evidence to help inform development of the REF and will be embarking on a</p>

Conclusion	Response
	<p>series of broader engagement events over the coming months, with a view to publishing later in the year. The ongoing work to align with and inform the City and Growth Deals, OECD project on regional governance and investment, WEFO's thinking on Regional Investment Funds, draft National Development Framework, the Local Government position on CJsCs and a range of other economic development-related work across Welsh Government, will influence the content and potentially the timings of the REFs. Furthermore, the REFs are underpinned by the principle of co-design and co-development, and consequently will reflect the pace at which partners in each region are content to proceed, rather than timescales imposed by Welsh Government.</p> <p>Financial Implication: None</p>
<p>Conclusion 15. The strategy set out in the NDF should have a clearer economic purpose.</p>	<p>Accept in principle</p> <p>We agree the NDF would be strengthened by the inclusion of clearer statements on economic ambitions. Links between the NDF and the Economic Action Plan will be clarified, including acknowledging the role of the foundational economy (see also conclusion 7).</p> <p>Financial Implication: None</p>
<p>Conclusion 16. The Welsh Government should provide evidence of the capacity for development in existing urban centres and the availability of publicly owned land for development on the scale and in the locations required to support the NDF strategy.</p>	<p>Accept in principle</p> <p>The NDF does not set targets for levels of growth, therefore specific capacity studies are not considered appropriate or necessary. The Welsh Government will make available mapping that shows the extent of land-use change in urban locations, including those places named in the draft NDF strategy, over the past twenty years.</p> <p>Land in public ownership includes the holdings of the Welsh Government, UK Government, local authorities, NHS, Ministry of Defence and Natural Resources Wales. A Public Land Unit has recently been established within Welsh Government to focus on delivering development through land in public ownership. The Welsh Government recognises the benefit of developing a single register and map of publicly-owned land but this does not yet exist.</p> <p>Financial Implication: None</p>
<p>Conclusion 17. Policies concerning new settlements should be consistent between the NDF and PPW.</p>	<p>Accept in principle</p> <p>PPW sets the overall context for new settlements and the process for a development plan to allocate one. PPW enables new settlements to be identified under certain circumstances, but does not require development plans to identify them.</p> <p>We do not agree with the inference that PPW and the NDF are not consistent with each other. This NDF states that new settlements are not necessary at this time and</p>

Conclusion	Response
	<p>that our focus should be on radical improvements to existing cities and towns to address deprivation, inequality and to improve the range and quality of services they offer. This position does not prejudice future iterations of the NDF from identifying a need for new settlements if the evidence suggests that they are required.</p> <p>Financial Implication: None</p>
<p>Conclusion 18. The NDF should make a clearer statement about the important role of universities in supporting strategic development and renewal at national and regional levels.</p>	<p>Accept</p> <p>It is agreed that Chapter 2 of the NDF should identify the opportunity universities provide to support strategic development. Each regional section will also be amended to identify the importance of universities within each region.</p> <p>Financial Implication: None.</p>
<p>Conclusion 19. We believe the NDF is a key tool in addressing climate change. The NDF should look beyond decarbonisation and address other aspects of climate change such as flood risk, water management and the implications for coastal planning.</p>	<p>Accept</p> <p>A new policy on flood risk management is proposed (policy 8), recognising the severity of flood risk in some parts of the National and Regional Growth Areas and the need for sustainable management of flood risk.</p> <p>The NDF Outcomes have been amended to strengthen and develop references to climate change, based on the feedback received through the consultation.</p> <p>The revisions to Chapter 2 will include providing more context on climate change and associated issues, including flood risk, water management and coastal planning.</p> <p>The NDF also contains policies on the role played by nature-based solutions, including the safeguarding of ecosystem services and the provision of green infrastructure, and makes a connection between these and wider land management issues, all of which are vital as part of responding to the climate emergency.</p> <p>Financial Implication: None</p>
<p>Conclusion 20. The climate change outcome should encompass housing and the outcome for homes and housing should address the types of homes Wales needs to build to address climate change.</p>	<p>Accept</p> <p>The NDF Outcomes have been amended to strengthen and develop references to climate change, based on the feedback received through the consultation and the conclusion of the Committee.</p> <p>Outcome 11 has been amended to specifically state new homes will need to be energy efficient and help communities adapt to the changing climate.</p> <p>Financial Implication: None</p>
<p>Conclusion 21. The NDF should articulate the spatial</p>	<p>Accept in principle</p>

Conclusion	Response
<p>dimension of its strategy for decarbonising transport and heating. It should set out more clearly how reduced reliance on private vehicles is to be achieved in both urban and rural areas.</p>	<p>Planning Policy Wales (PPW) articulates the Welsh Government's commitment to reducing reliance on the private car and supporting a modal shift to walking, cycling and public transport. It acknowledges that delivering this modal shift will make an important contribution to decarbonisation and improving air quality.</p> <p>PPW sets out policy requiring the use of a sustainable transport hierarchy in relation to new development which prioritises walking, cycling and public transport ahead of private motor vehicles. The transport hierarchy recognises that Ultra Low Emission Vehicles also have an important role to play in the decarbonisation of transport, particularly in rural areas with limited public transport services.</p> <p>To support the policy position in PPW, Chapter 4 of the NDF will be expanded with additional policies on National and Regional Connectivity. The new policies and supporting text set out how the Welsh Government aims to improve connectivity within and between urban and rural areas by reducing the need to travel, particularly by private vehicles, and supporting a modal shift to walking, cycling and public transport. The policies also support the implementation of the Active Travel Act and the revitalisation of the National Cycle Network.</p> <p>In relation to the decarbonising of heat, proposed Policy 16 sets out that our spatial priority is for the suitability and viability of District Heat Networks to be investigated in the towns and cities identified in the NDF as Priority Areas for District Heat Networks. Although heat networks are supported in principle wherever they are viable, these are the areas in Wales considered to have the greatest potential for heat networks.</p> <p>Financial Implication: None</p>
<p>Conclusion 22. The NDF should indicate how the delivery of vehicle charging infrastructure and heat networks is to be taken forward.</p>	<p>Accept</p> <p>It is agreed the NDF should provide further clarity on how the planning system can assist in the delivery of electric vehicle charging infrastructure across Wales.</p> <p>Chapter 4, which covers the national strategic matters, will be expanded with additional policies on transport. The new National and Regional Connectivity policies (proposed policies 11 and 12) will set out how the Welsh Government will support the delivery of electric vehicle charging infrastructure in both rural and urban areas. The Welsh Government will also be publishing an Electric Vehicle Charging Strategy. Permitted development rights were introduced in 2019 for the installation, alteration and replacement of electrical outlets and upstands for recharging electric vehicles, subject to conditions, to expedite the creation of a Wales-wide network of electric vehicle charging infrastructure - at homes, workplaces and key destinations, such as supermarkets, retail and commercial centres and leisure facilities.</p>

Conclusion	Response
	<p>In relation to heat networks, the NDF states that planning authorities should explore and identify opportunities for District Heat Networks, particularly in the Priority Areas, and, where possible, seek to develop city or town-wide District Heat Networks in as many locations as possible. It states that, as a minimum, proposals for large-scale, mixed-use developments of 100 dwellings or 10,000sq m of commercial floorspace or more should consider the potential for a heat network</p> <p>Support for heat network planning is already available from the UK Government. Part of the Welsh Government's Renewable Energy Toolkit for planners also contains information on how local planning authorities can begin to map the potential in their areas. The Welsh Government will also be considering what further assistance and guidance it can give in the future.</p> <p>Financial Implication:</p> <p>The Welsh Government is investing £2m in the short-term to facilitate a network of rapid electric vehicle chargers. However, we expect business and industry to drive much of the roll-out of charging infrastructure.</p>
<p>Conclusion 23. The NDF should look at the housing sector as a whole and address the role of the private sector, including SME builders in housing delivery. This should include small sites not included in Local Development Plans.</p>	<p>Accept in principle</p> <p>The Welsh Government recognises that private sector house-builders play an important role in addressing housing needs, including contributing to the delivery of affordable housing.</p> <p>The Welsh Government will continue to work with house-builders on the delivery of private sector housing. However, in order to address the significant need for affordable homes identified in the Welsh Government's 'Estimates of housing need', the focus of the NDF is on the role of local authorities and registered social landlords in increasing the number of affordable homes provided in Wales. Proposed amendments to the text supporting the policy on 'Delivering Affordable Homes' will recognise the contribution of new market homes in addressing housing need more broadly.</p> <p>Planning Policy Wales already requires planning authorities to set a target for the delivery of homes on small sites and to maintain a register of small sites which fall below the threshold for allocation in their development plans. In addition, the Welsh Government's £40m Stalled Sites Fund is assisting in creating and promoting development opportunities for SME construction companies. Also, since 2013 the Welsh Government has been supporting SME builders with access to affordable development financing through the Wales Property Development Fund. (See Conclusion 4)</p> <p>Financial Implication: None</p>

Conclusion	Response
<p>Conclusion 24. The NDF needs to specify the mechanisms to be used to deliver new affordable housing on the scale envisaged by the strategy. The Welsh Government should explain how the “Independent review of affordable housing supply” it commissioned, and which reported in May 2019, will inform the NDF.</p>	<p>Reject</p> <p>The NDF is clear that there will need to an increased focus on the role of local authorities, registered social landlords and SME builders in order to deliver the increase in affordable homes indicated. The conclusions of the ‘Independent Review of Affordable Housing’ support this position and were taken into account in the preparation of the draft NDF.</p> <p>Financial Implication: This could require a change to Welsh Government funding for affordable housing.</p>
<p>Conclusion 25. The NDF’s estimate of housing need should be updated based on the latest available evidence.</p>	<p>Accept</p> <p>Updated estimates of housing need will be included in the final version of the NDF.</p> <p>Financial Implication: None</p>
<p>Conclusion 26. Any targets for affordable housing should be expressed as numbers, not percentages.</p>	<p>Reject</p> <p>The NDF does not include targets for affordable housing. The percentages of affordable housing included in the NDF are taken from the Welsh Government’s ‘Estimates of housing need by tenure’ and are indicative and trend based only, forming part of the context to inform planning authorities when determining their housing requirements through their Strategic or Local Development Plans.</p> <p>Financial Implication: N/A</p>
<p>Conclusion 27. The housing needs of older people need to be given particular attention. National guidance on this should be provided by the NDF itself.</p>	<p>Accept in principle</p> <p>The changing population of Wales, including the trend towards there being a higher number of older people, is recognised as being part of the context for the NDF, as set out in Chapter 2. The housing needs of older people vary across Wales and this is therefore more appropriately addressed by each local authority, based on the specific needs they have identified for their area.</p> <p>Financial Implication: None</p>
<p>Conclusion 28. The NDF should recognise the importance of SME builders in providing housing in rural Wales and explore the potential for removing barriers to the construction of small housing developments of under 10 units.</p>	<p>Accept in principle</p> <p>The NDF recognises that SME builders have an important role in increasing the provision of new homes across Wales. As part of facilitating this Planning Policy Wales already requires planning authorities to set a target for the delivery of homes on small sites and to maintain a register of small sites which fall below the threshold for allocation in their development plans. In terms of removing barriers, the Welsh Government’s £40m Stalled Sites Fund is assisting in creating and promoting development opportunities for SME construction companies. Also, since 2013 the Welsh Government has been supporting SME builders with access to affordable development financing through the Wales Property Development Fund. (See Conclusion 4)</p>

Conclusion	Response
	Financial Implication: None
<p>Conclusion 29. The Committee is disappointed by the ongoing lack of progress in amending Part L (Conservation of fuel and power) of building regulations. The Welsh Government should set out its timetable for amending Part L</p>	<p>Accept</p> <p>Part L (and F) consultation proposals for new housing were published on 19 December 2019 and ended on 12 March 2020. The proposals include a significant and necessary step-change in energy and carbon performance in new housing. The consultation also provided details of possible 2025 standards. Later this year we will also be consulting on proposals to prevent overheating in new dwellings, Part L standards for non-domestic buildings and where building work is carried out to existing dwellings. The consultation also indicated that the preferred timeline for the Part L regulations to come into force is in 2020.</p> <p>Financial Implication: None</p>
<p>Conclusion 30. The NDF should identify core infrastructure requirements and should provide a spatial framework to inform decision-making for all nationally significant infrastructure.</p> <p>The Welsh Government should set out its “in principle” position on non-devolved infrastructure projects and policies.</p>	<p>Accept in principle</p> <p>The long term infrastructure needs of the country will be assessed by the National Infrastructure Commission for Wales (NICW). The NDF is a vehicle for coordinating investment in infrastructure with a wider strategy for development, to ensure the benefits of infrastructure investment are maximised. The NDF will be published before NICW provides its recommendations, therefore the strong support for Metro systems, enhanced active travel and green infrastructure, and flood risk management infrastructure in the NDF should be acknowledged by NICW. As outlined in response to Conclusion 7, there will be much stronger alignment and reciprocity between key documents as the full suite of relevant strategies and plans are put in place.</p> <p>The Welsh Government regularly makes the case for investment by the UK Government and utility providers in non-devolved infrastructure that will benefit the well-being of people in Wales, and it will continue to do so. Where non-devolved infrastructure projects are proposed by other parties, the Welsh Government gives clear statements of its views and ensures it is actively involved in discussions and plans.</p> <p>Financial Implication: none</p>
<p>Conclusion 31. The NDF should include specific proposals to address connectivity issues within Wales in addition to those which cross the border with England. This should include improved connectivity between Welsh towns and cities, between urban and rural areas and also within rural areas. The</p>	<p>Accept</p> <p>It is agreed the NDF should be more explicit and address the issue of connectivity within Wales in addition to those which cross the border with England.</p> <p>Chapter 4, which covers the national strategic matters, will be expanded with additional policies on National and Regional Connectivity (proposed policies 11 and 12). The new policies and supporting text set out how the Welsh Government aims to improve connectivity within and between urban and rural areas by reducing the need to</p>

Conclusion	Response
<p>NDF should also reflect the Welsh Government's Active Travel priorities.</p>	<p>travel, particularly by private vehicles, and supporting a modal shift to walking, cycling and public transport. The policies also support the implementation of the Active Travel Act and the revitalisation of the National Cycle Network.</p> <p>The National and Regional Connectivity policies are supported by specific transport policies in the regional sections of the NDF which provide the regional context and specific proposals for improving connectivity.</p> <p>Financial Implication: None</p>
<p>Conclusion 32. The Committee understands that there is greater demand for east-west transport connectivity in the major corridors in both north and south Wales, but the NDF should also address the poor connectivity between north and south Wales</p>	<p>Accept</p> <p>It is agreed that the NDF should also address the issue of connectivity across Wales and between the Regions.</p> <p>Chapter 4, which covers the national strategic matters, will be expanded with additional policies on National and Regional Connectivity. The new policies and supporting text set out how the Welsh Government aims to improve connectivity across Wales and between the Regions by reducing the need to travel, particularly by private vehicles, and supporting a modal shift to walking, cycling and public transport.</p> <p>The National and Regional Connectivity policies are supported by specific transport policies in the regional sections of the NDF which provide the regional context and specific proposals for improving connectivity.</p> <p>Financial Implication:None</p>
<p>Conclusion 33. The Welsh Government's commitments on digital infrastructure, including Mobile Action Zones, need to be given spatial expression in the NDF.</p> <p>Spatial policies for ports and freight transport require development.</p>	<p>Reject - Mobile Action Zones Accept - Ports and freight transport</p> <p>Whilst it had been the Welsh Government's early intention to include maps in the NDF showing Mobile Action Zones, this has not been achievable in the Plan's current time-frame. The Digital Infrastructure Department continue to work on identifying the specific locations of each Zone. Once approved by the Welsh Government, the Zones will be subject to normal consultation procedures.</p> <p>NDF policy clearly establishes the principle of Mobile Action Zones and how the Welsh Government will work with Local Planning Authorities and mobile operators to create the right environment to bring forward improved coverage within these areas (when identified). The development plan status of the NDF affords greater weight to the policy's intentions, despite there being no direct spatial reference to Zones.</p> <p>The UK Government has been working with mobile operators on an initiative to establish a Shared Rural Network across the UK, including Wales. This would allow mobile operators to share infrastructure to provide</p>

Conclusion	Response
	<p>4G services, enabling most rural areas to get the fast and reliable mobile coverage they need. The initiative is subject to agreement and would take place over a five-year period up to 2025.</p> <p>Planning Policy Wales sets out the national policy position regarding ports and acknowledges the important role they play in the economy and the sustainable movement of freight. PPW recognises that functional and attractive ports which meet current and future demand, make Wales an attractive location for businesses, visitors and freight transportation.</p> <p>This policy position will be supported by the introduction of a new International Connectivity Policy in Chapter 4 of the NDF which identifies Cardiff Airport, Haven Waterway, Fishguard Port and Holyhead Port as Strategic Gateways (proposed policy 10). The Strategic Gateways are critical to the effective movement of people and cargo as part of networks or supply chains within their respective regions, Wales and the UK.</p> <p>Financial Implications:</p> <p>There are no financial implications to the Mobile Action Zone policy in the NDF. The establishment of the mobile infrastructure within Zones may require Welsh Government financial support.</p> <p>There are no financial implications regarding spatial policies for ports and freight transport.</p>
<p>Conclusion 34. The NDF should set out a unifying strategic vision for the future of energy in Wales and be clear about the targets for electricity generation and decarbonisation to which the Welsh Government is working.</p>	<p>Accept in principle</p> <p>The NDF takes into account wider Welsh Government policies and strategies and provides the planning policies necessary to achieve them. It is not the role of the NDF to set the Welsh Government's overarching energy strategy and policy.</p> <p>The NDF is clear that its renewable energy policies are seeking to help achieve the Welsh Government's existing renewable energy and decarbonisation targets which have been set by the Minister for Energy, Environment and Rural Affairs.</p> <p>It is accepted though that the above position should be more clearly set out in the NDF and changes to the supporting text of the renewable energy policies will be made.</p> <p>Financial Implication: None</p>
<p>Conclusion 35. The NDF should provide a supportive framework for renewable technologies other than wind and solar, and address storage and the onshore</p>	<p>Accept</p> <p>The draft NDF contained a policy which was supportive of other renewable energy technologies and which sought to consider the same issues as those for wind</p>

Conclusion	Response
<p>infrastructure requirements of offshore wind farms.</p>	<p>and solar. However it is accepted that this situation was unclear.</p> <p>The revised renewable energy policies of the NDF now clearly apply to all renewable and low carbon technologies and reference to associated infrastructure requirements are now included.</p> <p>Financial Implication: None</p>
<p>Conclusion 36. The level of support for renewable energy developments provided by the NDF should not be weaker than that previously provided by UK National Policy Statements. Renewable energy policies should address repowering and extending the life of existing developments.</p>	<p>Accept in principle</p> <p>We do not consider that the draft NDF provided any less of a supportive environment for renewable energy development than was previously the case. This, coupled with the very positive policy statements in PPW, should give renewable energy developers the planning support they need to proceed with schemes. In Wales there is a significantly more supportive regime for large-scale onshore wind development than the UK Government currently provides for developments in England.</p> <p>However, we accept that the policies could be clearer in this respect. The revised policies therefore are more explicit in both expressing the Welsh Government's support for renewable energy generally and that schemes will be permitted provided the criteria contained within the policies are met.</p> <p>Financial Implication: None</p>
<p>Conclusion 37. The NDF should set out the implications of decarbonising heat and transport for electricity demand and the transmission system.</p>	<p>Accept in principle</p> <p>It is difficult for the NDF to set out the implications of decarbonising heat and transport at this stage as the routes to decarbonisation are not fixed and there are many variables. It is not the role of the NDF to set the Welsh Government's overarching energy strategy and policy, which can be found elsewhere.</p> <p>However, during the lifetime of the NDF, the energy system will likely move to a "multi-vector system" approach, which will require flexibility to fully exploit the inter-relationships and synergies between the power, heat and transport sectors. Future reviews of the NDF will need to respond to this when the picture becomes clearer. Text to this affect has been added to the revised NDF.</p> <p>Financial Implication: None</p>
<p>Conclusion 38. The NDF should express a vision and strategy to support developments based on local energy distribution</p>	<p>Accept in principle</p> <p>The Welsh Government supports the move towards local energy distribution as a way of minimising the need for new, large-scale grid infrastructure. Revisions to the supporting text of the NDF will be made to refer to this 'multi-vector' approach.</p> <p>The NDF takes into account wider Welsh Government policies and strategies and provides the planning policies</p>

Conclusion	Response
	<p>necessary to achieve them. It is not the role of the NDF to set the Welsh Government's overarching energy strategy and policy, which can be found elsewhere.</p> <p>The Minister for Energy, Environment and Rural Affairs is currently preparing a policy statement on local energy and its implications for distribution.</p> <p>Financial Implication: None</p>
<p>Conclusion 39. Policy 7 should be amended to address grid infrastructure requirements.</p>	<p>Accept in principle</p> <p>Draft Policy 7: Ultra Low Emission Vehicles, will be incorporated into the new National and Regional Connectivity policies (proposed policies 11 and 12) in Chapter 4 of the NDF.</p> <p>The Welsh Government is working with energy network operators in Wales to develop the electricity grid infrastructure to support increased use of electric cars, which is reflected in the supporting text.</p> <p>Financial Implication: We expect business and industry to drive much of the roll-out of charging infrastructure, including grid capacity and infrastructure.</p>
<p>Conclusion 40. The NDF should adopt a criteria-based policy framework for renewable energy developments.</p>	<p>Accept</p> <p>Whilst the draft NDF renewable energy policies listed the issues which needed to be considered, it is recognised that they did not provide the level of certainty to stakeholders and decision-makers on the criteria that should be followed.</p> <p>The revised NDF contains a positively framed detailed criteria-based policy for the determination of all renewable and low carbon energy developments over 10MW.</p> <p>Financial Implication: None</p>
<p>Conclusion 41. Wind and solar developments are subject to very different constraints and have different potential impacts on wildlife, and should, therefore, be addressed by separate planning policies.</p>	<p>Accept in principle</p> <p>Whilst it is accepted that wind and solar developments have different impacts on wildlife, the Welsh Government considers that, at a strategic level, NDF policies can be framed that can deal with these issues collectively. It is preferable (like many other planning policy documents) for single policies to cover all technologies available and for the decision-maker to consider the issues in detail.</p> <p>The Welsh Government has produced practice guidance on this which will be useful in this regard: https://gov.wales/planning-implications-renewable-and-low-carbon-energy-development-practice-guidance</p> <p>The revised NDF policies and supporting text give clearer statements on the protection of protected sites and wildlife species.</p>

Conclusion	Response
<p>Conclusion 42. The NDF policy on wind and solar energy developments should accord the same level of protection to SSSIs as PPW.</p>	<p>Financial Implication: None</p> <p>Accept</p> <p>It is important that the NDF and PPW are consistent in demonstrating the same level of protection to Sites of Special Scientific Interest (SSSIs).</p> <p>Changes have been made to the criteria-based policy and supporting text to ensure this level of consistency between the two documents.</p> <p>Financial Implication: None</p>
<p>Conclusion 43. The NDF should recognise the potential to secure environmental and recreational benefits in association with renewable energy developments</p>	<p>Accept in principle</p> <p>The draft NDF recognised the potential to secure benefits associated with renewable energy schemes and stated that planning applications must demonstrate how local social, economic and environmental benefits have been maximised as part of development proposal.</p> <p>However, it is recognised that these statements could be stronger, particularly around environmental benefits. The revised renewable energy policies therefore state that proposals should describe the net economic benefits the scheme will bring in terms of social, economic, environmental and cultural improvements to local communities. The criteria-based policy also requires that proposals includes biodiversity enhancement measures to provide a net benefit for the environment.</p> <p>Financial Implication: None</p>
<p>Conclusion 44. Biodiversity enhancement, ecosystem resilience, strategic green infrastructure and the national forest should be given spatial expression in the NDF. The NDF should set out how the commitments are to be delivered.</p>	<p>Accept in principle</p> <p>We agree that the NDF could be strengthened to spatially represent the strategic environmental policies. An illustrative map (not presented on an ordnance survey base) will be included in the NDF to indicate broad locational information for themes such as biodiversity hotspots, biodiversity networks and ecosystem services. The supporting text will be expanded to include more directional narrative on policy implementation.</p> <p>Financial Implication: None</p>
<p>Conclusion 45. Policy 8 should be strengthened to state that biodiversity “must” rather than “should” be protected and should require that development contributes to nature recovery.</p>	<p>Accept</p> <p>We agree that the policy wording should be changed to a ‘must’; Section 6 of the Environment (Wales) Act 2016 directs public authorities to maintain and enhance biodiversity in the exercise of their functions. The policy will be amended to reflect the legislation.</p> <p>Financial Implication: None</p>
<p>Conclusion 46. The NDF should identify national spatial priorities for biodiversity enhancement. There is a need to embed</p>	<p>Accept in principle</p> <p>We agree that the NDF can be strengthened to include a tighter policy focus to securing biodiversity enhancement. The NDF’s strategic focus can be utilised to deliver a net</p>

Conclusion	Response
<p>the requirement for the mitigation measures identified by the Habitats Regulations Assessment into the NDF. The national ecological network should address the needs of priority species.</p>	<p>benefit for biodiversity in order to realise sustainable growth.</p> <p>The Habitats Regulations Assessment (HRA) of the NDF is an iterative assessment process; work is being undertaken to develop a mitigation table that clearly articulates the mitigation measures that will be needed to deliver the NDF policies. References within the NDF to the HRA will be enhanced and this will clearly signpost the mitigation measures.</p> <p>The policy and supporting narrative have been strengthened to accommodate the needs of species within resilient ecological networks. The needs of all species will be referenced in order to reflect the complexity of natural systems.</p> <p>Financial Implication: None</p>
<p>Conclusion 47. The development of the national forest should take account of the potential role of tree planting in water and flood risk management as well as agri-food production. Planting to develop the national forest should avoid peatland.</p>	<p>Accept in principle</p> <p>The National Forest policy in the NDF is an enabling policy. One of the strategic aims is to develop a national forest resource that delivers connected ecosystems, improved biodiversity and habitats. The specific needs of planting regimes will be identified elsewhere, however the NDF will guide the sustainability of such locations through the policy on resilient ecological networks.</p> <p>Financial Implication: None</p>
<p>Conclusion 48. The NDF should identify existing woodland assets. The national forest should further the conservation of globally significant Celtic rainforest.</p>	<p>Accept in principle</p> <p>We agree that the spatial representation of existing broad habitat types should be strengthened in the NDF. An illustrative map, identifying key existing forestry assets will be included.</p> <p>The Celtic Rainforest is supported by Welsh Government and implementation of the National Forest Policy will align with and further support the conservation of this unique and hugely significant habitat.</p> <p>Financial Implication: None</p>
<p>Conclusion 49. The opportunity should be taken to make links between green infrastructure networks and the housing and urban renewal agendas. Links should also be made between green infrastructure networks, the national forest and the tourism and leisure agenda through initiatives such as the National Cycle Network.</p>	<p>Accept in principle</p> <p>The Welsh Government agrees that the role of green infrastructure in creating sustainable urban communities should be more clearly recognised in the NDF. The proposed policy on shaping urban growth will reference the functional role of green infrastructure as a key principle of placemaking.</p> <p>PPW 10 expresses wider connections between policy areas such as green infrastructure networks, tourism and active travel routes. The placemaking narrative positively articulates such connections.</p> <p>Financial Implication: None</p>

Conclusion	Response
<p>Conclusion 50. There is a need for greater clarity on the role of green belts in national and regional strategy; the discretion accorded to SDPs in their definition; the relationship between and respective roles of green belt and green infrastructure; and the potential relationship of greenbelt with the national forest policy</p>	<p>Accept</p> <p>It is accepted that the NDF policies (and their supporting text) on green belts in North and South East Wales would benefit from greater clarity on their establishment through the SDP process and how planning proposals should be determined in these areas in advance of the adoption of SDPs. Changes will be made to the NDF to this effect.</p> <p>Whilst green belt and green infrastructure may geographically cover the same areas and be mutually reinforcing in terms of affording protection to land from development, the purposes of identifying green infrastructure and green belt differ.</p> <p>The same rationale will be true of land identified as having potential for woodland planting as part of the National Forest. In addition, the question of how to address any other type of development in a green belt, including those which may be associated with a national forest proposal, is already covered by policy in PPW.</p> <p>Financial Implication: None</p>
<p>Conclusion 51. The Business Committee, as the Assembly Committee with responsibility for considering Assembly procedures, should bring forward proposals to facilitate scrutiny of the final NDF in accordance with the Planning (Wales) Act 2015. It should do so in consultation with the Welsh Government, external stakeholders and Assembly Committees.</p>	<p>Not for the Welsh Government to accept or reject</p> <p>The Welsh Government continues to work with the Business Committee to ensure Committee scrutiny of the draft NDF is facilitated, in accordance with the Planning (Wales) Act 2015.</p> <p>Financial Implication: None</p>



Ein cyf/Our ref:

To: Committee Chairs

21 September 2020

Dear All,

Following extensive consultation on the draft National Development Framework (NDF) last year, I have today laid the draft NDF before the Senedd for a 60-day consideration period.

The NDF is accompanied by a consultation report setting out the issues raised during the consultation, a schedule of changes I intend to make following consideration of the consultation responses, and an updated integrated sustainability appraisal. They can be viewed [here](#).

To support the scrutiny process I have today published two documents. The first sets out how I intend to monitor the NDF after its publication; and the second is a version of the schedules of changes document that has been laid in the format of the draft NDF document that was consulted upon last year. These documents are available to view [here](#).

I will be tabling an amendable motion in government-time to provide an opportunity for the Senedd to express its views on (but not approve) the draft NDF. The debate will take place during the Senedd's 60-day consideration period so the Government can reflect on the issues raised together with any recommendations from Senedd Committees in a timely manner.

During last year's consultation on the draft NDF, Senedd members expressed to me the importance of everyone being able to understand what the NDF was and what it would mean for them. Some thought the name 'national development framework' did not set out what the NDF was or would do. I have reflected on this and asked Children in Wales to help develop a new title. They suggested the name 'Future Wales – The National Plan 2040'. On publication, the NDF will be known by this new name and referred to in short as Future Wales. You will see this new name appearing on some of the documents that will support the scrutiny process.

Canolfan Cyswllt Cyntaf / First Point of Contact Centre:
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Gohebiaeth.Julie.James@llyw.cymru
Correspondence.Julie.James@gov.Wales

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.

I look forward to working with the Senedd on the completion of Future Wales, our first National Development Framework.

Yours sincerely,

A handwritten signature in blue ink that reads "Julie James". The signature is written in a cursive style with a large initial 'J'.

Julie James AS/MS

Y Gweinidog Tai a Llywodraeth Leol
Minister for Housing and Local Government

Elin Jones MS

Llywydd and Chair of the Business Committee

18 September 2020

National Development Framework (NDF)

Dear Llywydd,

I wrote to the Business Committee earlier this year in relation to the statutory scrutiny process for the National Development Framework (NDF).

My letter referred to recommendations made by the Climate Change, Environment and Rural Affairs Committee that a temporary Standing Order should be introduced to facilitate the statutory scrutiny process. You replied that the Business Committee was content that the Trefnydd had agreed that the Committee's recommendations would be met without the need for a temporary Standing Order.

On 12 February 2020 the Trefnydd wrote to Business Managers, saying that she would: "Table an amendable motion in government-time to provide an opportunity for the Senedd to express its views on (but not approve) the draft National Development Framework. The debate will take place during the Senedd's 60-day consideration period so the government can reflect on the Senedd's decision and the recommendation of the Committee(s) in a timely manner."

The NDF is yet to be laid in the Senedd and, therefore, the 60-day statutory scrutiny period has not been triggered. However, I note that the Welsh Government has scheduled a debate on the NDF on 29 September. It will not be possible for the work of committees, including any consultation with stakeholders, to inform the debate.



Senedd Cymru

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The 60-day period is designated for Senedd scrutiny. It is unclear why the Welsh Government has chosen to schedule an early debate. Whatever the reason, I believe the Business Committee must ensure that this early Plenary debate does not undermine subsequent Senedd scrutiny.

The CCERA Committee plans to undertake scrutiny of the NDF during the 60-day period. It will request a Plenary debate before the end of that period. I hope that the Business Committee will ensure that the Senedd has the opportunity to have a debate on the NDF that is informed by the work undertaken by the Senedd and its members during the statutory scrutiny period.

Regards

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive style and is positioned on a light-colored rectangular background.

Mike Hedges MS

Chair of the Climate Change, Environment and Rural Affairs Committee

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.



Agenda Item 4.7



CYMRU

gwd/1605
18 June 2020

Lesley Griffiths AM
Minister for Environment, Energy and Rural Affairs
Welsh Government
5th Floor
Tŷ Hywel
Cardiff Bay
CF99 1NA

Dear Lesley

Agriculture (Model Clauses for Fixed Equipment) (Wales) Regulations 2019

I write further to my letter of 13 November 2019 which was in response to your letter of 04 November 2019 indicating that you had asked your officials to meet with me to discuss the way forward for the necessary amendments to be made to the above Regulations to include field drainage and flood banks, omitted from the Regulations in error. Whilst I had heard from your officials just prior to writing on 13 November that plans were in place to bring forward the necessary amending legislation, I was subsequently provided with a different position.

The meeting with your officials took place on Monday, 25 November 2019 at the Welsh Winter Fair. It was explained that rather than moving towards tabling the amending Regulation I was told that there would be a delay due to the need to re-brief you, take your instructions and then seek sufficient resource from your legal services to draw together the necessary Statutory Instrument. However, I expressed the view that you had already given your clear decision as set out in the response to the consultation exercise which said, in terms, that flood banks and field drainage would be included in the new Regulations as landlords' responsibilities. Given also at that point you had instructed officials to resolve matters, I did not see why a new submission to you was required.

I also suggested that there would be little impact on legal services given the relatively straightforward procedure for a negative resolution Statutory Instrument. On 29 November 2019 I followed up the meeting with an email to your officials asking for a timeframe within which matters would be taken forward. I received a substantive response to that email on the 17 December advising me that matters were not straightforward and that "a number of stages" needed to be gone through before putting advice to you. My response of the same day expressed concern that nothing had moved forward since the meeting on 25 November and again questioned why it was considered not to

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Chief Executive:
George Dunn

The Tenant Farmers
Association is a
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No. 1587270

be a straightforward matter. I repeated my contention that it was a relatively simple issue in that two matters were inadvertently missed off the list of items to be included as responsibilities of landlords (namely field drainage and flood banks) and that having had the consultation and set out the clear determination of Welsh Government to give effect to those responsibilities, a straightforward amending Regulation was all that was required.

I received a further email from your officials on 03 January 2020 explaining the responsibility upon officials to provide advice to Ministers which is robust, clear and with the possible implications of any decision laid out. It was further explained that the original advice provided to you did not include the two items in question and that they therefore did not form part of the detailed policy and legal considerations required to give you sufficient information upon which to make a fully informed decision. I was told that the necessary advice would be put to you in mid-January.

In my response of the same day, I expressed concern that you were not given complete advice following the conclusion of the consultation and the publication of the Government response to the consultation (which included the two items left out of the final Regulations) which I assumed was produced following full advice to you. I noted the intention to provide you with further advice.

Having heard nothing by 28 January 2020, I wrote to your officials again asking for an update and received a response the following day. In the response I was told that having considered the matter further, your officials were content that a policy decision was taken in spring 2017 to retain a parallel policy position to England in order to align regulatory requirements, thus establishing a level of consistency for the industry. The email went on to suggest that it was especially important for there to be a level playing field between England and Wales for cross border holdings and this was supported by stakeholders in both Wales and England. I was offered a meeting to discuss this further if required.

I responded on 31 January 2020 suggesting that this new piece of information lacked any credibility when the Welsh Government response to the consultation published in May 2017 clearly stated that the proposals contained within the consultation "with minor modifications" would be implemented. There was no suggestion in that document that a policy decision had been taken to align with the English Regulations.

I also asked if it had always been the intention to follow the English Regulations, what was the point of having a consultation in Wales? If the position as stated by your officials was correct, then the Welsh Regulations have in fact been framed and informed by the English consultation only which cannot be a reasonable line in the context of Devolution.

As TFA Cymru was one of the principal stakeholders involved in this consultation, I expressed surprise at the statement made that the policy decision had been made in consultation with stakeholders. We had no record of any conversation or correspondence in that regard. I therefore requested details of any information held by Welsh Government to support the contention being made by your officials. I also asked for the internal policy papers to be published showing how the decision was taken in the spring of 2017 to align with the English regulations. I further asked for the latter to be considered as a formal Freedom of Information request if necessary.

I then had a meeting with your officials in your London office on 11 February during which no further progress was made and it was agreed that my request made on 31 January would be treated as a request under the Freedom of information rules and that the request would formally be deemed to have been made on 11 February.

I received the information requested on 31 March by email. The documentation extended to over 100 pages although much of it was repetitive and heavily redacted. Obviously, since that time we have all been dealing with the Covid-19 crisis and therefore I did not feel it appropriate to press this matter further whilst in the heat of the crisis. Whilst we are by no means through the crisis, I feel that we are now at a time when these matters can be considered.

Having gone through the paperwork provided I could find no evidence to support the contention explained by your officials that a policy decision was made in spring 2017 to align with the English regulations. However, on page 87 and 88 of the disclosure there is clear evidence which supports the contention that TFA Cymru has held all along – ie that the two items (field drainage and flood banks) had been left out of the final SI in error rather than by design. I attach the two pages for ease of reference.

The paragraphs provided appear to form part of a Handover Note dated 05 June 2017 (after spring 2017) making reference to the "remit of LDT". On page 87 under the heading "Agricultural tenancy legislation and reform" there is a section headed "Amendment to the repair and maintenance of fixed equipment and end of tenancy compensation legislation". It refers to the consultation which closed on 23 February and provides a link to the Welsh Government response to which I referred earlier.

A specific reference is given to "land drainage" in respect of discussions with DEFRA. It states as follows:

"The only issue DEFRA had with the Sis related to the Model Clauses where they decided not to include a new liability on the landowner to repair and replace pipes and tiles used for field drainage because the consultation

responses were mixed and inconclusive on this issue (please see email from DEFRA's policy lead)"

After a further redaction, the document goes on as follows on page 88:

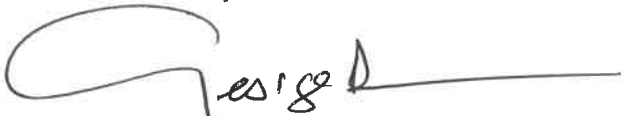
"However, we had no substantial comments on this proposal so we will be including it in the SI affecting model clauses. This is what we consulted on "tile and pipe for field drainage system – landlord to repair and replace, tenant to keep field drains and outlets clear from obstruction" no respondent opposed to this proposal."

Therefore, contrary to the contention that a policy decision was taken to align with the English regulations, there is clear evidence to support the fact that a unambiguous policy decision was taken not to align with the English regulations.

In summary and with apologies for the length of this letter (although I thought it useful to provide a full narrative) I would again call for the necessary amending SI to be laid to bring into effect the two missing elements set out within the Welsh Government response to the consultation to cover landlords' liability for field drainage and flood banks.

I look forward to hearing from you.

Yours sincerely

A handwritten signature in black ink, appearing to read 'George Dunn', with a long horizontal flourish extending to the right.

George Dunn BA MSc FRAgS
Chief Executive

[REDACTED]

[REDACTED]

Agricultural tenancy legislation and reform

There are number of work-streams which are being progressed under this policy area, mostly in close cooperation with Defra.

Key stakeholder contacts:

[REDACTED]

A full stakeholder list with additional contacts has been compiled and is saved on IShare.

Amendment to the repair and maintenance of fixed equipment and end of tenancy compensation legislation

Consultation closed on 23 February and the WG response is available online: <https://consultations.gov.wales/consultations/agricultural-tenancies-repair-and-maintenance-fixed-equipment-and-end-tenancy>.

The legislative reform follows the changes which were introduced in England in 2015 with some minor modifications in Wales – the WG response summarises the position. For example, we will be including “fitted kitchens” as a separate liability in our SIs on model clauses, unlike England.

- Land drainage

The only issue Defra had with the SIs related to the Model Clauses where they decided not to include a new liability on the landowner to repair and replace pipes and tiles used for field drainage because the consultation responses were mixed and inconclusive on this issue (please see e-mail from Defra’s policy lead)..



However, we had no substantial comments on this proposal so we will be including it in the SI affecting model clauses. This is what we consulted on: "Tile and pipe for field drainage system – landlord to repair and replace, tenant to keep field drains and their outlets clear from obstruction." No respondent opposed to this proposal.

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

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



Llywodraeth Cymru
Welsh Government

Eich cyf/Your ref gwd/1605
Ein cyf/Our ref LG/01612/20

George Dunn
Chief Executive
Tenant Farmers Association

george@tfa.org.uk

13 July 2020

Dear Mr Dunn

Thank you for your letter dated 18 June regarding the Agriculture (Model Clauses for Fixed Equipment) (Wales) Regulations 2019.

The Freedom of Information response issued on 31 March 2020 provided all our internal documents concerning the development of the Model Clauses regulations. The release contained all email traffic and policy documents concerning the formulation of the legislation. The release was heavily redacted as it contained details of other unrelated policy areas outside the scope of your request.

The Model Clauses regulations have now been in place since November 2019 and to date no concerns have been raised. I do not intend to revisit these regulations at this time.

I look forward to continuing to work closely with the TFA and thank you for your ongoing positive engagement, not least of which, on the forthcoming Agricultural White Paper.

Regards

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

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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.

Back Page 80
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.



gwd/1605
14 July 2020

CYMRU

Lesley Griffiths AM
Minister for Environment, Energy and Rural Affairs
Welsh Government
5th Floor
Tŷ Hywel
Cardiff Bay
CF99 1NA

Dear Lesley

Agriculture (Model Clauses for Fixed Equipment) (Wales) Regulations 2019

I am in receipt of your letter dated 13 July in response to my letter of 18 June regarding the above.

I am grateful for your confirmation that the freedom of information response issued on 31 March 2020 provided all of your internal documents concerning the development of the Model Clauses regulations.

However, you have failed to answer the central point in my letter of 13 July which I repeat below.

Having gone through the information issued on 31 March 2020 I could find no evidence to support the contention explained by your officials that a policy decision was made in spring 2017 to align with the English regulations. However, on page 87 and 88 of the disclosure there is clear evidence which supports the contention that TFA Cymru has held all along – ie that field drainage and flood banks had been left out of the final SI in error rather than by design.

The paragraphs provided form part of a Handover Note dated 05 June 2017 (after spring 2017) making reference to the "remit of LDT". On page 87 under the heading "Agricultural tenancy legislation and reform" there is a section headed "Amendment to the repair and maintenance of fixed equipment and end of tenancy compensation legislation". It refers to the consultation which closed on 23 February 2017 and provides a link to the Welsh Government response.

A specific reference is given to "land drainage" in respect of discussions with DEFRA. It states as follows:

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Chief Executive:
George Dunn

The Tenant Farmers
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"The only issue DEFRA had with the Sis related to the Model Clauses where they decided not to include a new liability on the landowner to repair and replace pipes and tiles used for field drainage because the consultation responses were mixed and inconclusive on this issue (please see email from DEFRA's policy lead)"

After a further redaction, the document goes on as follows on page 88:

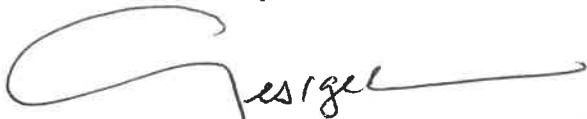
"However, we had no substantial comments on this proposal so we will be including it in the SI affecting model clauses. This is what we consulted on 'tile and pipe for field drainage system – landlord to repair and replace, tenant to keep field drains and outlets clear from obstruction' no respondent opposed to this proposal."

Therefore, contrary to the contention that a policy decision was taken to align with the English regulations, there is clear evidence to support the fact that a unambiguous policy decision was taken not to align with the English regulations.

In your response of 13 July you say correctly that the model clauses have been in place since November 2019 but incorrectly that no comments have been raised in relation to them. As you know, since the date of their publication, TFA Cymru has raised concerns that they were implemented incompletely as set out above.

I am immensely disappointed by your statement that you do not intend to revisit the regulations at this time. In view of this I am copying this letter and my previous correspondence to the Chair of the Welsh Parliament Climate Change, Environment and Rural Affairs Committee to suggest that the committee holds a short enquiry into this matter and also to the Shadow Minister for Environment, Energy and Rural Affairs, Andrew RT Davies so that he can raise questions about this matter through the usual channels as he has done previously.

Yours sincerely



**George Dunn BA MSc FRAGS
Chief Executive**

Copies to:

Mike Hedges AM - Chair of the Welsh Parliament Climate Change, Environment and Rural Affairs Committee

Andrew RT Davies AM - Shadow Minister for Environment, Energy and Rural Affairs

Rt Hon Mark Drakeford MS
Welsh Government
Tŷ Hywel
Cardiff Bay
CF99 1NA

CC: Minister for Environment, Energy & Rural Affairs, Lesley Griffiths

15 September 2020

Dear First Minister,

Re: Global Biodiversity Outlook

Today, the Convention on Biological Diversity (CBD) Global Biodiversity Outlook has concluded that **the international community has failed its ten-year mission to halt the loss of nature**; just as the 2019 State of Nature Report found there has been no let-up in biodiversity loss in Wales. The urgency is plain. Ahead of global biodiversity talks in China next year, inspiring leadership will be needed to secure a new agreement that can put nature on a path to recovery by 2030 and create a society that can function in harmony with nature by 2050.

We have welcomed your first-hand commitment to biodiversity specifically and to environmental protection more widely, including the Welsh Government's work on environmental growth and recent budgetary allocation for nature restoration delivery. **We now call on you to announce the Welsh Government's support for a global target to restore biodiversity, and to commit to reflecting this in domestic law.**

The Environment (Wales) Act provides a firm legislative platform for nature's recovery via an ecosystem approach; to date, however, we have not seen it drive change at the scale and pace we need to reverse nature's collapse. Statutory nature recovery targets are needed to provide this drive. In Wales, as well as at the global level, we need **an overarching target to halt environmental losses and begin to restore species populations and habitats by 2030**. This should be comprised of individual targets for increasing species abundance and distribution; reducing species' extinction risk; and targets for improving the extent and condition of wildlife-rich habitats – a framework that would align well with Wales' ecosystem approach.

A clear announcement now of your commitment to ambitious, statutory domestic targets for nature's recovery in Wales would be extremely welcome. **The UN Summit on Biodiversity on 30th September would be an ideal opportunity to announce your support for an overarching global objective to restore species and habitats, and your commitment to setting equivalent domestic targets in law.** We consider this fundamental to Wales' Green Recovery and enduring commitment to sustainable development, and strongly commend the Future Generations Commissioner's recommendation (in the ['The Future Generations Report 2020: Chapter](#)

[3 – A Resilient Wales](#)’) that: “Welsh Government should commit to large-scale habitat restoration, creation and connectivity throughout Wales, **which includes setting statutory targets for nature recovery and specific species recovery measures to help prevent extinction**”.

The global community and individual countries must open their eyes to the ecological emergency and act decisively, or all our efforts to avert climate change and create a better world will be in vain. In the year of the UK’s UNFCCC COP presidency, we hope that an agreement of a global recovery target for nature will be a precondition of success in Glasgow. **It would be impossible to meet climate change targets without restoring ecosystems.**

We welcome the Welsh Government’s work on and support for the [Edinburgh Declaration](#) which calls for bold actions to bring about transformative change to halt biodiversity loss, and emphasises the critical role of sub-national governments in delivering the post-2020 CBD framework.

The Economics of Biodiversity [Dasgupta Review](#) once again demonstrates the economic sense behind decisive early investment in nature. **With our sister Environment Links around the UK, we are writing to the leaders of all four nations to propose that the UK can help sound a wake-up call.**

We are happy to work collaboratively with the Welsh Government on this to ensure political leadership from Wales inspires action, not just here but around the world.

Yours sincerely,

Alex Phillips
Co-Chair of WEL’s Governance Group
WWF Cymru

Steve Lucas
Co-Chair of WEL’s Governance Group
Bat Conservation Trust

Annie Smith
Co-Chair of WEL’s Biodiversity Group
RSPB Cymru

Rachel Sharp
Co-Chair of WEL’s Biodiversity Group
Wildlife Trusts Wales

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