

Lesley Griffiths MS

Minister for Environment, Energy and Rural Affairs

13 October 2020

Dear Lesley,

UK Emissions Trading Scheme Common Framework

Thank you for attending our meeting on 8 October to give evidence in connection with the UK Emissions Trading Scheme. Following the meeting, Members agreed that I should write to you to ask for further explanation and/or clarification on the following:

Carbon Emissions Tax

1. During your evidence session, you explained that discussions on the UK Government's proposals for a Carbon Emissions Tax were taking place at an official level. Given the significance of a unilateral decision by the UK Government to introduce a Carbon Emissions Tax, what discussions have taken place at a Ministerial level on this matter, and what has been the outcome?
2. Can you clarify whether the UK Government has indicated to you the circumstances in which it would introduce a Carbon Emissions Tax rather than jointly pursue with the devolved administrations a standalone UK ETS?
3. What assessment have you made of the impact of the proposed Carbon Emissions Tax on Welsh installations and on Wales's progress in reaching net zero by 2050? How does this assessment compare with that for a standalone UK ETS?
4. What can you do to ensure that the Welsh Government has a formal role in the design of a Carbon Emissions Tax? How will you seek to ensure that Welsh interests are fully considered, and that Wales receives its fair share of tax revenue?



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5. In giving evidence to the Committee, you said that a decision by the UK Government to introduce a Carbon Emissions Tax “goes completely...against the principles of the common frameworks that we've agreed back in 2017”. What are the implications of a failed UK ETS Common Framework for the delivery of the wider Common Frameworks Programme?

Auction revenues

6. Can you outline the arrangements currently in place to ensure that Wales receives its fair share of revenue generated from the UK's participation in the EU ETS?

7. Can you confirm that creating a UK Industrial Decarbonisation Fund remains your preferred approach to recycling revenue generated from a UK ETS? If not, what has led to a change in your position, and what is your new preferred approach?

8. What discussions, if any, have you had with the UK Government about Wales's proportion of auction revenue being returned directly to the Welsh Government to fund its spending priorities?

Mitigating carbon leakage

9. The European Commission is considering introducing a carbon border adjustment mechanism as an alternative to free allocation of allowances to address the risk of carbon leakage. What are your views on this? What consideration, if any, has been given to how such a mechanism could work in the context of a standalone or linked UK ETS?

I should be grateful if you would respond as soon as possible, and by **30 October 2020, at the latest**.

Yours sincerely,



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

Croesewir gohebiaeth yn Gymraeg neu Saesneg.

We welcome correspondence in Welsh or English.

