

The Rt Hon, the Lord Deben  
c/o Committee on Climate Change  
7 Holbein Place  
London  
SW1W 8NR

12 November 2018

Dear The Rt Hon, the Lord Deben

### **The Climate Change (Wales) Regulations 2018**

On 5 November, the Welsh Government laid five sets of Regulations in the Assembly, described collectively as The Climate Change (Wales) Regulations 2018 ('the Regulations'). On 8 November, the Assembly's Climate Change, Environment and Rural Affairs Committee agreed to undertake detailed scrutiny of the Regulations and notified the Welsh Government accordingly.

In accordance with the Environment (Wales) Act 2016 (the Act) ('the Act'), when making the Regulations the Welsh Ministers must have regard to advice provided by the UK CCC. On this basis, the Committee has agreed that I should write to you to request further information in relation to the Regulations and ahead of your attendance at our 22 November meeting

### **Emissions reduction to 2050**

The Welsh Government is aiming for a reduction in emissions of 80% against the baseline by 2050. According to your estimate, this will not be sufficient to meet the aims of the Paris Agreement.

In your advice, you note that the Act requires that net emissions for 2050 are at least 80% lower than the baseline and this would not preclude Wales from going beyond an 80% reduction. In reference to the Welsh Government's target, you conclude that "It will be important to ensure that actions taken in the nearer term keep open the possibility of reductions beyond 80% by 2050".



**Question 1** – Do you believe it is appropriate to reconsider the 2050 target, in the light of the conclusions of the recent IPCC Special Report on Global Warming? What is the long-term viability of the 2050 target?

**Question 2** - What is your assessment of the impact of any such changes on the WG’s ability to meet the interim targets for 2020, 2030 and 2040?

**Question 3** – Given that the scientific data is shifting so quickly, do you believe it is appropriate that the WG should, before each carbon budget is set, reconsider the 2050 target, based on advice from the UK CCC?

### Interim targets

Interim targets for 2020, 2030 and 2040 are set out in **The Climate Change (Interim Emissions Targets) (Wales) Regulations 2018**. In your advice to the Welsh Government, you referred to the “particular challenge” of the 2020 interim target, saying that:

“The scope for new policies to affect the level of admissions in 2020 is very limited, especially if the Welsh Government waits until after the target is legislated to bring forward policies to achieve it”.

**Question 4** - Welsh emissions in 2015 were 19% below 1990 levels. Based on the UK CCC’s “business as usual projections”, what will the estimated level of emissions be in 2020, expressed as a percentage reduction below 1990 levels?

**Question 5** – Your suggested pathway constitutes a smooth trajectory towards the 2050 target. What are the risks of this approach in comparison to, for example, a steeper initial trajectory, constituting a “front-loading” of emissions reductions?

### Carbon budgets

**The Climate Change (Carbon Budgets) (Wales) Regulations 2018** describe a carbon budget as “setting a maximum limit on the total amount of Welsh emissions permitted over a 5-year budget period”. The first budget period runs from 2016 to 2020, with subsequent budgets covering successive 5-year periods to 2050.



Section 41 of the Act provides that the Welsh Ministers must lay a statement before the Assembly explaining whether the carbon budget has been met. The statement must be laid “before the end of the second year after the period it relates.”

For the first carbon budget (2016-2020), the statement must be laid before the end of 2022. For the second carbon budget (2020-2025), the statement must be laid before the end of 2027.

These timelines give rise to serious challenges for the effective scrutiny of future carbon budgets. For example, in accordance with Section 31 of the Act, the third carbon budget, for 2025-2030, must be set by the end of 2020. In effect, this means the Assembly will be asked to agree the third carbon budget two years before the outturn from the first carbon budget is known and seven years before the outturn of the second carbon budget is known.

**Question 6** - Before it is asked to agree the third carbon budget in 2020, the Assembly will not know whether the first two carbon budgets have been met, due to the reporting requirements of the Environment (Wales) Act. Do you have any views on the timescales set out in the Act?

### **International aviation and shipping**

Section 35 of the Act provides that the Welsh Ministers may by regulations make provisions for emissions of a greenhouse gas from international aviation and shipping to count as Welsh emissions. Emissions from international aviation and shipping were not included in previous policy targets.

Arrangements relating to international aviation and shipping are set out in **The Climate Change (International Aviation and International Shipping) (Wales) Regulations 2018**.

**Question 7:** What are the risks and benefits of the Welsh Government’s decision to include international aviation and shipping in Welsh emissions targets?



## Net Welsh emissions account

**The Climate Change (Net Welsh Emissions Account Credit Limit) (Wales) Regulations 2018** set a limit of 10% on the total amount that the net Welsh emissions account can be reduced through the use of carbon units.

You advised the Welsh Government that the first carbon budget should be met through existing policies “and should not require the planned use of offsets”. However, you accepted that a degree of flexibility would be required to address unforeseen circumstances. You advised that the use of credits should require prior advice from the UK CCC.

**Question 8:** Given that you have said that unplanned use of emissions credits should be small, what is your view of the appropriateness of the 10% limit proposed by Welsh Government?

**Question 9:** What are your reasons for suggesting that the use of credits should require prior advice from the UK CCC?

## Carbon accounting and carbon units

**The Carbon Accounting (Wales) Regulations 2018** allow for the inclusion of emissions produced by the traded sector, i.e. the European Union Emissions Trading Scheme (EU-ETS) sector, in the net Welsh emissions account. This will mean that all Welsh emissions are counted. The Welsh Government believes this is a transparent and clear approach to accounting.

The UK CCC has advised that emissions from the EU-ETS sector should be included in the net Welsh emissions account. The Regulatory Impact Assessment explains that –

“The CCC recognises industrial emissions present a specific challenge within the devolved setting where large changes in emissions can occur as a result of business decisions at individual sites, over which Wales has little control.”

**Question 10:** What are the risks for the first and second carbon budgets if emitters cannot continue to trade under the EU-ETS?

I regret that the timetable for responding to the Committee’s requests for information is tight. The Assembly is due to consider the Regulations in a Plenary



meeting on 4 December. It will be necessary for the Committee to prepare and publish its report on the Regulations in advance of that debate. I would be grateful, therefore, if you could provide your response by 22 November at the latest.

The Committee has also asked the UK CCC to provide a separate oral briefing to the Committee on the Welsh Government's consultation on its Decarbonisation Pathway to 2030, which is scheduled to take place on 22 November. I am grateful for the UK CCC's cooperation on the scrutiny of the Regulations and the Pathway.

Yours sincerely,

A handwritten signature in black ink that reads "Mike Hedges". The signature is written in a cursive, slightly slanted style.

**Mike Hedges AM**

**Chair of Climate Change, Environment and Rural Affairs Committee**

cc Chris Stark, Chief Executive, Committee on Climate Change

