



The Scottish Parliament
Pàrlamaid na h-Alba

By email only

Mike Hedges MS
Chair
Climate Change, Environment and
Rural Affairs Committee
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c/o Clerk to the Committee
Room T3.40
The Scottish Parliament
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4 December 2020

Dear Mr Hedges,

Common Framework on a UK Emissions Trading Scheme

At its meeting on 1 December 2020, the Environment, Climate Change and Land Reform Committee agreed to write our sister Committees in legislatures across the UK to highlight recent issues raised with regards to the above Common Framework.

The Cabinet Secretary for Environment, Climate Change and Land Reform, Roseanna Cunningham MSP, wrote to the Committee on [10 November 2020](#) to provide an update on the Common Framework for a UK Emissions Trading Scheme (ETS) and highlight concerns in a number of areas. In particular, the Cabinet Secretary outlined the continued risk to the process of setting up a UK ETS in time to take effect from 1 January 2021 as a result of the UK Government simultaneously preparing for an alternative, reserved Carbon Emission Tax (CET). The letter highlights concerns that a reserved CET, instead of a UK ETS, would mean that Scottish Ministers would no longer be responsible for, and the Scottish Parliament would have no direct scrutiny of, a key decarbonisation mechanism covering 28% of Scotland's emissions.

With the UK ETS Common Framework currently progressing through all four legislatures, the Committee is concerned that there is a lack of clarity about the circumstances in which the UK Government would seek to introduce a Carbon Emissions Tax as an alternative to a standalone UK ETS. The Committee has previously raised concerns in relation to a possible CET, the lack of discussion on this and the impact of the approach – particularly in reducing access to the most cost-effective decarbonisation routes with carbon leakage protection (see [26 October 2018](#); [1 November 2018](#)). More recently, the Committee explored the issue of the CET with the Cabinet Secretary while formally considering [The Greenhouse Gas Emissions Trading Scheme Order 2020](#) on 1 September 2020, noting issues around flexibility, scrutiny, and uncertainty at the time. The Committee recognises that a final decision on a UK ETS or a CET may be dependent on the outcome of ongoing EU-UK negotiations, but it is nevertheless incumbent on the UK Government to make clear its intentions at

the earliest available opportunity. The Committee will be writing directly to the UK Government to express these concerns and seek clarity as a matter of urgency.

Devolved administrations across the UK have raised similar concerns and our sister committees have also written to the UK Government to highlight on-going issues about the role of the devolved administrations in decisions around the CET; see, for example, the House of Commons BEIS Committee ([23 October 2020](#)) and House of Lords Common Framework Scrutiny Committee ([7 October 2020](#); [27 October 2020](#)).

We are committed to working collaboratively with legislatures across the UK and recognise the importance of sharing our concerns about the impact and effect of a CET, as well as the extent to which the UK Government's consideration of a CET is putting the establishment/delivery of a UK ETS at risk. Please do not hesitate to get in touch if you have any questions on the above.

Yours sincerely,

A handwritten signature in blue ink, appearing to read 'Gillian Martin'.

Gillian Martin MSP
Convener

Environment, Climate Change and Land Reform Committee