



NIEL Comments:

The proposed UK ETS Common Framework

11/09/20

Dear Stella,

Thank you for the opportunity to comment on the proposed UK ETS Common Framework. Please note, given the timeframe for response, these comments do not constitute a final and agreed NIEL response endorsed by our membership as timescales has limited the opportunity for wider discussion with our members. With this in mind, the initial thoughts of the NIEL Climate Change Working Group – *'Climate Coalition NI'*, are outlined below:

- We support the introduction of a UK-wide ETS scheme.
- The UK government has set an ambitious target to achieve net zero greenhouse gas emissions by 2050. To date, emissions have fallen much more slowly in NI compared to the UK as a whole. Between 1990 and 2018, [NI GHG emissions](#) fell by 20% and CO2 emissions by 22%. During this same period, at a [UK level](#), GHG emissions fell by 43.1% and CO2 emissions 38.6%. **Given that we are already lagging behind other parts of the UK, urgent action and policy intervention is required in NI.**
- Only one third of UK emissions are covered by the EU ETS and there will be a similar level of coverage in the UK ETS scheme.
- We note that the UK ETS will be similar to the EU ETS and that while the UK Committee on Climate Change (CCC) supports this approach it has suggested including agriculture and land within the scope of the UK ETS, as well as proposing that carbon pricing be applied to municipal waste incinerators.
- As demonstrated by Switzerland, it is possible for a non - EU country to link its ETS to the EU ETS.
- It is our understanding that while, the proposed emissions cap is 5% lower in the UK ETS than it would have been in the EU ETS, the UK CCC has questioned this position in a [letter](#) to all four UK administrations. The CCC letter states that as regards aligning the UK's ambition of the UK ETS with the UK's own circumstances "*Ultimately, that requires a tightening of the cap of the scheme in line with a trajectory consistent with*

the UK's Net Zero target for 2050." The CCC described the interim proposals as "inconsistent with the UK's Net Zero ambitions in some respects".

- The note that the CCC [letter](#) states that the starting point for the cap should be the latest data on actual UK emissions in the traded sector and that the cap proposed would be around 17% above the actual emissions levels in 2018 which the CCC described as implying "a large surplus until the point when a revised cap in line with the sixth carbon budget advice comes in to force (e.g., 2023)." This is very similar to previous criticism by the UK CCC of the EU ETS for allocating too many credits to large CO2 intensive industries which in effect gave those industries more credits than appropriate. In August 2020 the CCC [recommended](#) that the cap of the linked UK ETS be set based on the cost-effective path to the UK's new net-zero target.
- In pursuit of UK Net Zero ambition, there will be certain sources that are difficult to reduce completely and so a degree of trade-off will be required especially within the land use sector.
- The Committee on Climate Change advice is that the UK net zero/ climate action be 100% domestic and not use ANY international offsets.
- In terms of 'negative emissions', we support ecosystem conservation and restoration, some plantations for material switching away from e.g. concrete and steel, and are open to small-scale research into negative emissions technologies. These should not however be over-relied upon, as none are proven at scale and the thermodynamic properties of CO2 are such that chemically altering it requires a lot of energy.
- We would be supportive of actions to support countries overseas reduce emissions but double counting of mitigation efforts between countries needs to be avoided.

To conclude, it would appear that the UK is setting the emissions cap too high, as the EU had done previously. This would mean that in NI, emissions reductions will not be as big as the evidence and policy/legislation would suggest is necessary.