
WRITTEN STATEMENT BY THE WELSH ASSEMBLY GOVERNMENT

Title: **Announcement on the level of the UK Carbon Budgets,
Carbon Accounting Regulations**

Date: **7 May 2009**

By: **Jane Davidson, Minister for Environment, Sustainability and
Housing**

On 22 April the Chancellor announced as part of the fiscal budget the world's first ever carbon budgets which were accompanied by the setting legally of at least a 34% reduction in greenhouse gases by 2020.

Alongside the fiscal Budget announcements there were a number of other announcements made by the Secretary of State for Energy and Climate Change as well as reports published by the UK Government which relate to climate change which I would like to update you on.

The Carbon Budgets Order, Climate Change Act (2020 Target, Credit Limit and Definitions) Order and Carbon Accounting Regulations were laid before Parliament on 22 April.

The Carbon Budget Order sets out the first three carbon budgets as required under the Climate Change Act 2008. In setting the Carbon Budgets the UK Government has taken account of the advice provided by the UK Committee on Climate Change (CCC) in its report '*Building a Low Carbon Economy – the UK's contribution to tackling Climate Change*' published on 1 December.

In producing its advice, the CCC had to make certain assumptions about the shape of the final EU climate and energy package, which sets the EU policy framework. The package that was agreed in Europe on 12 December and

differs in some respects from the European Commission's original proposals, which means that the UK's share of the EU ETS cap is slightly more stringent than the CCC had assumed. As a result of this, the proposed carbon budgets announced are slightly tighter and therefore more challenging to achieve than those the CCC recommended as interim budgets in advance of international agreement.

The Carbon Budgets Order 2009 sets out the three carbon budgets for the periods 2008-12, 2013-17, and 2018-22. These are as follows:

- (a) the carbon budget for the 2008–2012 budgetary period is 3018 million tonnes of carbon dioxide equivalent;
- (b) the carbon budget for the 2013–2017 budgetary period is 2782 million tonnes of carbon dioxide equivalent; and
- (c) the carbon budget for the 2018–2022 budgetary period is 2544 million tonnes of carbon dioxide equivalent.

The Climate Change Act 2008 requires the Carbon Budgets to be set by 1 June 2009. It is anticipated that this Order will come into force on 31 May 2009.

The Climate Change Act 2008 (2020 Targets, credit Limit and Definitions) Order amends the 2020 target to reflect the 34% reduction in all greenhouse gases emissions as opposed to a 26% reduction in carbon dioxide emissions as recommended by the UK Committee on Climate Change (CCC) for the third budgetary period, sets the credit limit for the first budget and defines “international aviation” and “international shipping”.

A carbon accounting system is also required under the Climate Change Act 2008 to determine compliance with the carbon budgets and targets in the Act. While the Act establishes the basic requirements for the system, secondary legislation is required to establish the details. A carbon accounting system is necessary because, in addition to the UK's own domestic emissions, carbon units purchased from or sold overseas through emissions trading also need to be accounted for. In addition, the Act requires statements to Parliament annually and at the end of each budget period and the Regulations will ensure the right information is available to produce these reports. The Carbon Accounting Regulations put in place the system required by the Climate Change Act 2008.

The Carbon Accounting Regulations were consulted on a UK wide basis. This consultation set out proposals relating to:

- The types of carbon units to be used in calculating the net UK carbon account;
- The circumstances in which carbon units can be credited to and debited from the net UK carbon account, and how this will be done;
- Cancelling surplus carbon units equivalent to the difference between the carbon budget and the UK's Kyoto target; and

- The administration of the scheme.

The responses to the consultation broadly agreed with the proposals and as such the UK Government adopted the rules as proposed in the consultation. A summary of the responses to the consultation has also been published alongside the laying of the Carbon Accounting Regulations as well as guidance as to how the Regulations will be followed in practice.

In a written statement I made on 11 March, I provided a summary of the Welsh Assembly Government's response to the UK Committee on Climate Change (CCC) report "*Building a Low Carbon Economy – the UK's contribution to tackling Climate Change.*" The UK Government, alongside the laying of the Carbon Budgets Order, published on 22 April their response which takes account of our views. The Report entitled '*Building a Low Carbon Economy – Implementing the Climate Change Act 2008*' can be found on the Department for Energy and Climate Change website or as a supplementary document to the Budget 2009 Report on the HM Treasury website.

The UK Government also published the Impact Assessment to the UK of the EU Climate and Energy package. This sets out the costs and benefits of the UK meeting its intermediate climate change goals in a manner that is consistent with the agreed EU Climate and Energy package of targets and policies. The Impact Assessment also considers the costs and benefits of setting the UK's Carbon Budgets in line with the UK's commitments under the EU package.

In addition, *Investing in a Low Carbon Britain* was published on 23 April and builds on the UK Government's *Low Carbon Industrial Strategy* by setting out more detail on the Budget 2009 announcements that relate to creating a low carbon Britain. For example: providing detail on the £405m Low carbon Investment Fund for targeted interventions in priority low carbon industries.

The UK Government will be publishing a report in the summer on the UK proposals and policies for meeting the first three carbon budgets, as required by the Climate Change Act. We will be contributing to this report to ensure that the policies and programmes that will be included in our Climate Change Strategy for Wales – Programme of Action, to be consulted on in the summer, will be also reflected in this report.

The Assembly Government is committed to tackling climate change and to delivering its fair share of emission reductions. We are determined that Wales can be a world-leader in tackling the enormous challenges we face in relation to the causes of climate change, and are committed to achieving the targets we have set ourselves.
