



Business, Energy and Industrial Strategy Committee

House of Commons, London SW1A 0AA

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The Rt Hon Kwasi Kwarteng MP
Department for Business, Energy and Industrial Strategy
1 Victoria Street
London SW1H 0ET

17 November 2020

Dear Kwasi

Post-transition period regime for UK carbon pricing

Further to your appearance before the Committee last week, I would like to seek clarification on a number of issues. These issues are not just of interest to the Committee but to the business community, especially given the short amount of time before the end of the transition period. A swift response to these questions, and indeed a decision by Government, will help to ensure that British industry is able to prepare for and manage the impacts of the changing carbon pricing regime on the 1 January.

- By what date will Government set out its decision on whether to implement a UK ETS linked to the EU ETS, a standalone UK ETS or a Carbon Emissions Tax from 1 January?
- By what date will Government confirm whether its longer term commitment is to seek a UK ETS linked to the EU ETS, should one not be agreed before the end of the transition period?
- How are BEIS, HMT and Cabinet Office – and any other involved departments – working together to manage these decisions? With which Department does responsibility for the final decision lie? How are BEIS and HMT liaising to minimise expenditure on whichever solution is not ultimately adopted?
- Please provide a substantive explanation of how the views of affected stakeholders, including the Devolved Administrations (DAs), are being taken into account on this decision. If the Government does not plan to actively engage the DAs in the final decision, please explain the rationale for this and how you are managing DA involvement, given the direct role that they will be required to play should a UK ETS be adopted.

Please note that I am sending a similar letter to Ministers in the Treasury, given your inability to answer Committee questions on the issue of a Carbon Emissions Tax.

Please can I have answers to the above questions by no later than 27 November.

DARREN JONES MP

CHAIR, BUSINESS, ENERGY AND INDUSTRIAL STRATEGY COMMITTEE