

European Scrutiny Committee

House of Commons London SW1A 0AA

Tel (020) 7219 3292 Email escom@parliament.uk Website www.parliament.uk/escom

From: Sir William Cash CH MP

8 May 2024

Rt Hon Claire Coutinho MP
Secretary of State for Energy Security and Net Zero
Department for Energy Security and Net Zero
1 Victoria Street
London SW1H 0ET

Changes to the EU Emissions Trading System and the Single Electricity Market in Northern Ireland

We considered your Explanatory Memorandum (EM) on the above proposals at our meeting of 8 May 2024. We request answers to the following questions:

- Could you clarify in more detail the regulatory changes that will affect the EU ETS Directive and how this will affect divergence between the EU ETS and UK ETS?
- You note that there will be costs arising from the new monitoring, reporting and verification requirements. Who will be carrying these costs?
- You note that your officials have been in consultation with Northern Ireland's Department of Agriculture, Environment and Rural Affairs who have been in contact with the NI operator. Could you please provide more detail of how this consultation has taken place, and what the feedback has been from the NI operator?
- You have stated that the EU is predicted to include EfW installations in carbon pricing "most likely" from 2028. You state that this is "broadly in line" with the approach being considered for GB. How do the EU and UK (in respect to GB) approaches differ as they currently stand?

- Is there any predicted impact of the UK ETS Authority assigning a carbon price from 2026 compared to the EU ETS doing so from the predicted start date of 2028?

We require a response to this letter within two months.

I am copying this letter to Lord Ricketts, Chair of the House of Lords European Affairs Committee, and to Jarek Wisniewski, that Committee's Clerk; to the Parliamentary Scrutiny team in your Department; and to Les Saunders in the FCDO.

CHAIR