

The Rt Hon Gregory Barker MP
Minister of State
Department of Energy & Climate Change
3 Whitehall Place
London
SW1A 2AW

27 June 2013

Dear Minister

Amending the Carbon Accounting Regulations

Thank you for your letter dated 28 February 2013, requesting the Committee's advice on amending the Carbon Accounting Regulations.

We understand from a note circulated on 15 April that DECC propose to take the following approach to amending the Regulations:

- To fix the traded sector portion of the net carbon account at the level of a notional UK share of the EU-wide cap, based on:
 - allowances freely allocated to UK operators, to be confirmed by the EC; and
 - an estimate of the share of allowances to be auctioned by the UK
- To fix the traded sector portion of the net carbon account covering domestic aviation, at the level of a notional share of total EU-wide aviation allowances, calculated for 2012 as 97% of the UK's share of EU historic domestic aviation CO₂ emissions (falling to 95% of this level for 2013-2020).

We believe that this approach is a sensible one in principle. However, we note that the notional UK share of the EU-wide cap has changed since the first carbon budget was set (due to an increase in solidarity rights, revised estimates of the emissions from installations entering the ETS in Phase II, and correction of errors in the original estimates), and cannot rule out that this share may change again.

Given the second and third carbon budgets are already legislated, any change in the traded sector portion of the net carbon account would affect the level of allowed non-traded sector emissions. Should a change in the level of allowed non-traded sector emissions imply a significant reduction in effort to meet the carbon budget, the Government should respond by tightening the carbon budget appropriately to maintain the level of ambition envisaged at the time the carbon budget was set.

Yours Sincerely,



Deben

Chairman, Committee on Climate Change