

T: 0300 244 4000
E: scottish.ministers@gov.scot

Edward Mountain
Convener
Net Zero, Energy and Transport Committee
c/o Clerk to the Committee
Room T3.40, The Scottish Parliament
Edinburgh, EH99 1SP
By Email: netzero.committee@parliament.scot

11 June 2024

Dear Edward,

I am writing to you following your meeting with Ms McAllan on 27 June 2024 on matters relating to the upcoming Climate Change (Emissions Reduction Targets) (Scotland) Bill. Please could I ask that you and the Committee treat the contents of this letter in confidence.

The Climate Change Committee has always been clear that meeting the legislated 2030 target, agreed by Parliament on a cross-party basis, would be extremely challenging, and may not be feasible. The purpose of the Bill is to amend existing legislation in light of the Climate Change Committee's most recent advice, that Scotland's interim emissions target for 2030 is beyond what can be achieved.

As announced to Parliament on 18th April 2024, the Bill will seek to introduce a carbon budget-based target framework, to better reflect the non-linear reality of emissions reduction. It will also adjust duties related to the Climate Change Plan, allowing for a new plan to be published that reflects the carbon budgets. The target of net zero emissions by 2045 will not be changed.

During the meeting on 27th June, Ms McAllan highlighted the urgent timescales that we are working to on this matter, and you mentioned that it would be the NZET Committee's intention to publish a short call for evidence over Summer Recess on the assumption that the Bill would be introduced to Parliament in early September.

To support the call for evidence, Ms McAllan offered to share an early draft document with the Committee setting out the policy intentions for the Bill, prior to the Bill and Policy Memorandum being formally introduced, to support the Committee's valuable work and in recognition of the tight timescales that we are working towards.

Please find attached the aforementioned paper outlining the policy intentions for the Bill, which reflects current plans and intentions of the Scottish Government on the proposed Bill. This is a draft that is subject to change prior to the introduction of this legislation to Parliament after summer recess, on timelines to be agreed with Parliamentary authorities. We plan to engage

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with stakeholders on these matters over the course of this month, before sharing our intentions more widely across Parliament at the end of July. Please could I, therefore, ask that the Committee views this paper in confidence and does not share this information more widely at this stage.

Yours sincerely,



Gillian Martin

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Climate Change (Emissions Reduction Targets) (Scotland) Bill: Policy Intentions

Background

The purpose of the Climate Change (Emissions Reduction Targets) (Scotland) Bill (“the Bill”) is to amend the Climate Change (Scotland) Act 2009 (“the 2009 Act”), in response to the Climate Change Committee’s (CCC) advice that Scotland’s interim emissions reduction target for 2030 is beyond what can be achieved. This built upon repeated advice from the CCC that meeting the 2030 target set by Parliament would be extremely challenging.

The Bill will seek to establish a carbon budget approach to target setting, with budgets set through secondary legislation using the latest advice from the CCC once available. It will also seek to adjust duties related to the Climate Change Plan (CCP) and make provision for a new Plan to be published that reflects the carbon budgets. The target of net zero emissions by 2045 will not be changed, and nor will the legal commitment to our just transition principles.

Carbon Budgets

As noted by the CCC, annual emissions targets are highly vulnerable to year-to-year fluctuations in emissions, for example, due to particularly cold winters or unexpected events such as a global pandemic. Multi-year carbon budgets can, therefore, provide a more reliable framework for sustained progress in emissions reduction, with volatility smoothed out over the budget period. Carbon budgets are an established model for assessment of emissions reductions used by the governments of other nations including Japan, France, Wales and the UK.

The 2009 Act set annual targets along a straight-line pathway between the decadal interim targets, which does not accurately reflect the realities of emissions reduction and climate policymaking. This position is reflected by the CCC, who have advised that carbon budgets are the most appropriate indicator of underlying progress in emissions reduction. We are, therefore, seeking to establish five-yearly carbon budgets, based on the CCC’s recommendation that this length of budget is the most suitable¹. These would be more reflective of the realities of long-term decarbonisation policy planning, and will be based on the latest decarbonisation pathway for Scotland.

A carbon budget will set a limit on the amount of greenhouse gases emitted in Scotland over a five-year period, measured in the actual number of tonnes of carbon dioxide equivalent prescribed for a given period, or in terms of a percentage reduction compared to the baseline. At the end of each budget period, an assessment will be made regarding whether or not the budget has been met.

The carbon budgets will continue to include emissions from international aviation and shipping. There will also be no provision to “carry over” emissions from one carbon budget to another.

¹ <https://www.theccc.org.uk/publication/letter-design-and-implement-carbon-budgets-in-scotland/>
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Setting Carbon Budgets

It is important that our carbon budgets are set using the latest independent advice from experts, especially the CCC. Given that the CCC will not be able to provide their advice within the timeframe for this Bill, the Bill itself will not seek to set carbon budgets. Instead, it will enable budgets to be set through secondary legislation, which is expected to be used once the latest evidence and analysis on carbon budget levels has been received.

The Bill will require that secondary legislation is brought forward to set a carbon budget for 2026 to 2030 and each successive period of five years, up to and including the net zero target year in 2045.

Climate Change Plan Content

At present, the 2009 Act requires that a CCP must set out Scottish Ministers' policies and proposals for meeting Scotland's emissions reduction targets during the plan period. However, we know that meeting Scotland's emissions reduction targets requires a cross-societal and cross-economic effort, with action not just from Scottish Ministers but from all levels of government and all sectors of our economy, as well as businesses, other organisations, communities and individuals.

In particular, there are a number of crucial levers necessary to deliver emissions reduction at scale that currently remain reserved to the UK Government, such as powers relating to critical technologies like carbon capture and storage. As a result, demonstrating how the actions of Scottish Ministers alone will ensure that emissions reduction targets will be met is very difficult.

As a result, the Bill will also seek to amend the relationship between the CCP and emissions reduction targets to more accurately reflect the limits of devolved competence and the powers of Scottish Ministers when delivering emissions reduction across our economy and society.

Climate Change Plan Timing

The Bill will amend the current deadline to finalise the next CCP in order to align with the timescale for carbon budgets. This alignment will provide a direct relationship between the five-year periods of the carbon budgets and CCP so that policies and actions are informed by the emissions reductions targets set through each carbon budget.

The CCC have indicated that they will provide advice on carbon budgets levels in Spring 2025. The Bill will therefore require that the CCP is brought forward as soon as practicable after the carbon budget levels are set through secondary legislation.

Annual reporting

The Bill will maintain the current rhythm of annual reporting on greenhouse gas emissions and on the CCP. Reports on the CCP will remain unchanged, with Ministers required each year to lay before the Scottish Parliament a report on each substantive chapter of the most recent CCP (as per section 35B of the 2009 Act).

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Ministers will also still be required to lay in Parliament an annual report on emissions reduction. This will indicate the percentage by which Scottish emissions are lower than the baseline. At the end of each carbon budget period, these reports will also include an indication of whether Scotland's carbon budget target for that period has been met.

Conclusion

This note reflects the current plans and intentions of the Scottish Government on the proposed Climate Change (Emissions Reduction Targets) (Scotland) Bill. These are subject to change prior to the introduction of this legislation to Parliament after summer recess, on timelines to be agreed with Parliamentary authorities.

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