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Convener, Net Zero, Energy and Transport
Committee
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06 February 2026

Dear Edward,

Follow-up to 03 February Committee Session on the Greenhouse Gas Emissions Trading Scheme (Amendment) (Extension to Maritime Activities) Order 2026

I am writing to thank you for our productive committee meeting this week on the above SI, and ongoing collegiate working on legislation to further develop the UK Emissions Trading Scheme. As requested, please find below further detail on a few points raised at the session.

Capabilities of ports, including how many ports have electric links for vessels to connect
Ports are independent commercial enterprises which make their own decisions about how best to utilise their assets. Many key port authorities have composed plans to decarbonise their ports, including Port of Aberdeen, Clydeport and Forth Ports, and shore power connections have been realised at a number of ports across Scotland including Aberdeen, Fraserburgh, Kennacraig, Leith, Montrose, and Port Askaig.

The UK ETS is designed to encourage cost effective decarbonisation, and we continue to work on approaches which promote emissions reduction in a fair and proportionate manner. For example, the scheme provides a clear price signal that supports investment in the use of shore power, renewable fuels, battery power and modern propulsion technologies.

Plans for furthering decarbonisation of vessels below the 5,000 gross tonnes threshold
There will be a review of the 5000GT threshold in 2028, to consider whether this threshold should be lowered in future. This review will consider the wider socio-economic impacts of inclusion of smaller ships and the differing capabilities of the various sub-sectors to decarbonise. The overarching aim of the UK ETS policy is to support least-cost decarbonisation across the economy through carbon pricing. Operators can respond to the decarbonisation drive in the UK ETS by investing in cost-effective abatement measures such as technical and operational efficiency improvements (e.g. hull coatings and speed optimisation), adopting zero or near-zero GHG fuels (e.g., hydrogen, ammonia, biofuels), and using greener shore power where available.

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I also note you expressed some concern at the meeting that future reviews of the tonnage threshold for inclusion in the UK ETS might mean that fishing protection vessels like the MPV Jura would come under scope. I hope it provides reassurance to note that the MPV Jura is a government vessel used for enforcement and compliance - under the exemptions in place for government non-commercial activities in this SI, it is therefore exempt and would not be included in the scheme even if the tonnage threshold were to be reduced in future. While vessels undertaking government non-commercial activities are exempt from inclusion in the scheme, wider work decarbonising ships performing government activities continues in line with net zero commitments across the UK. Examples of this drive to modernise our vessels include Scottish Government planned action on decarbonising our Northern Isles Ferry Services (NIFS) and Clyde and Hebrides Ferry Services (CHFS) networks, as set out in the Islands Connectivity Plan's Strategic Approach and the Vessels & Ports Plan, the cross-government shipbuilding pipeline set out by the National Shipbuilding Office (NSO), and the UK Government's Maritime Decarbonisation Strategy, which includes a commitment to working with the NSO to procure low-carbon ships and maximise green ambition.

As the decarbonisation of the Scottish fishing fleet was also raised at the Committee session, I will take this opportunity to provide a little more detail on our work on this subsector. Greenhouse gas emissions from fishing vessels represent a very small proportion of Scotland's emissions – equal to about 0.7% of Scotland's total emissions. In collaboration with marine stakeholders, across the UK and internationally, we are building our collective understanding of potential improvements and technologies to help reduce emissions from fishing vessels and we are working with the sub-sector to understand the opportunities and barriers. However, further technological developments are needed to enable larger scale transformation of the fishing sub-sector to net zero - as I noted in the meeting these challenges, as well as the value of alignment with the approach taken in the EU ETS, prompt the exemption for fish catching and fish processing vessels in the SI.

Estimated emissions reduction arising from the instrument

Expansion of the ETS to include emissions from domestic maritime activities is expected to deliver a net reduction of approximately 645,000 tonnes of carbon dioxide equivalent over the next 20 years across the UK. This net emissions reduction, paired with air quality benefits as a result of reduced air pollutants from the domestic maritime sector, amounts to a net positive social impact of £132 million.

How the instrument will link to the Climate Change Plan

The ETS is designed to support emissions reduction by incentivising decarbonisation across sectors, encouraging commercial decision-making to factor in emissions reduction. The UK ETS operates a cap-and-trade system, where a fixed number of emissions allowances are issued every year. Over time, the cap will be reduced in line with ambitious climate targets across the four nations of the ETS Authority. This will increase the carbon price in line with the cap and thereby encourage investment in decarbonisation technologies. While it isn't possible to estimate exact impact of maritime scope expansion on the CCP (as not all emissions are within the territorial remit of our Plan), the ETS is expected to support current government maritime decarbonisation policy and provide a strong incentive for decarbonisation in the maritime industry. ETS impacts continue to be considered as part of delivery of the CCP programme.

I hope this information is useful to the Committee.

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Yours sincerely,



GILLIAN MARTIN

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