



Ein cyf/Our ref: HIDCC/PO/0192/24

Llŷr Gruffydd MS  
Chair  
Climate Change, Environment and Infrastructure Committee  
Welsh Parliament

25 July 2024

Dear Llŷr

Thank you for your letter of 27 June following my attendance at the Committee's 22 May meeting. I am providing the clarification and further information you have requested.

**1. We would welcome further evidence to support your assertion that climate change is now embedded across Government.**

We have always worked across Government to tackle climate change and the Welsh Government's commitment to this agenda will ensure that continues. Each member of the Cabinet understands our collective and individual responsibilities in relation to climate change. Annex 3 of Net Zero Wales identifies the main and associated ministerial portfolios for each of the policies and proposals for meeting Carbon Budget 2, which demonstrates how climate change is a whole government effort. Another example of this in practice is the recently improved Integrated Impact Assessment process, which includes climate impact as a critical component for all policy development.

**2. We would like you to report back to the Committee on the outcome of your discussions on future internal governance structures.**

The Welsh Government is considering a range of measures to ensure our priorities are afforded the required Cabinet member time. This includes the priority of climate change. The Committee will continue to be updated on this matter.

**3. We would welcome an explanation of the basis for your assertion that the Welsh Government is currently on track to deliver CB2. Please provide evidence to support this assertion.**

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Rydym yn croesawu derbyn gohebiaeth yn Gymraeg. Byddwn yn ateb gohebiaeth a dderbynnir yn Gymraeg yn Gymraeg ac ni fydd gohebu yn Gymraeg yn arwain at oedi.

We welcome receiving correspondence in Welsh. Any correspondence received in Welsh will be answered in Welsh and corresponding in Welsh will not lead to a delay in responding.

The impact of policy effort accumulates over time so in general terms it is reasonable to expect greater annual emissions reductions later in the budgetary period than at the start. Emission reductions in the first and second year of CB2 were slightly below the required average reduction of 37% required to meet our statutory CB2 target, showing reductions from the base year of 36.3%<sup>1</sup> and 36.4% for 2021 and 2022, respectively. The fact that 2021 and 2022 are already so close to the required average reduction strongly suggests that the performance in subsequent years will be sufficient to achieve the statutory target for CB2. Moreover, UK ETS data for 2023 shows a 14% drop in Welsh emissions across the relevant sectors. While this reduction may not be permanent and may be driven by wider economic factors, the fact that the UK ETS covers almost half of all Welsh emissions suggests a fall in total Welsh emissions for 2023 beyond the 36% achieved in the first two years of the budget.

In addition, Tata's decision to close Blast Furnace 5 in Port Talbot earlier this month and Blast Furnace 4 later this year could also have a considerable impact on Welsh emissions during CB2 and beyond. This reduction has not been planned in the way we would hope, all along we have said that we believed that consultation between the Company and unions could have secured a longer, fairer transition to greener steelmaking that minimised job losses, however, if it were to go ahead it would have a large impact on our emissions. This is on top of our ongoing delivery of Net Zero Wales.

**4. We seek clarification on whether the Welsh Government is currently on track to meet its aim of achieving an average reduction in emissions of 44% against the baseline over CB2.**

We are making every effort to out-perform the statutory target and start CB3 from the strongest possible position. At the same time, it is important to recognise that overall Welsh emissions are at the mercy of a small number of large emitters – my previous response and the impact of the decisions by Tata clearly illustrate this point. This means that sometimes good policy does not necessarily lead to lower emissions, and sometimes emissions fall for reasons other than government intervention. I fully recognise that this makes scrutiny extremely challenging, not only for the Senedd and other external stakeholders but also internally as we strive to identify the best path to net zero.

**5. We would like you to report back to the Committee on changes in emissions across each sector between 2021 and 2022, as well as the reduction in emissions in 2022 against 2021 and the baseline. Please include an analysis of the reasons for those changes.**

I include the analysis below and note again that the most recent greenhouse gas emissions data published in June 2024 included revisions to the whole time series, including 2021 values, which are incorporated in the analysis.

The increased emissions from the fuel supply sector were driven largely by an increase in refinery combustion emissions, and increases in the electricity supply sector were driven by an increase in emissions from power stations. These increases were offset by a decrease in emissions in the industry sector associated with iron and steel production, and reduced emissions in the buildings and product use sector, where the combination of 2022 being the hottest year on record and increased gas prices has likely led to a behavioural change in residential energy use.

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<sup>1</sup> The greenhouse gas emissions data published in June 2024 included revisions to the whole time series, including 2021 values. As a result, the reduction for 2021 is now 36% instead of the 35% reported previously and quoted in your letter.

**Table 1: Welsh emissions by sector for 2022 and percentage change between 2022 and other years (base year and 2021)<sup>2,3</sup>**

<b>Emission sector</b>	<b>2022 emissions (MtCO<sub>2e</sub>)</b>	<b>% change from base year</b>	<b>% change from 2021</b>
Agriculture	5.6	-7.7%	-3.8%
Buildings and product uses	4.1	-37.5%	-11.1%
Domestic transport	5.7	-11.3%	3.2%
Electricity supply	6.8	-39.1%	8.8%
Fuel supply	3.4	-48.3%	32.5%
Industry	9.5	-38.1%	-8.0%
International aviation and shipping	0.4	-37.4%	29.4%
Land use, land use change and forestry (LULUCF) [Note 1]	-0.9	137.0%	0.5%
Waste	1.0	-71.8%	-9.1%
<b>Total</b>	<b>35.7</b>	<b>-36.4%</b>	<b>-0.1%</b>

*[Note 1] As LULUCF provides a net removal of emissions the percentage changes show the overall change in the size of the emission removal. Positive % change values represent an increase in the size of the removal.*

**6. We expect the Welsh Government to make demonstrable progress towards implementing the UK CCC’s recommendations during the remainder of this Senedd term. We seek assurance from you that you will work with your Cabinet colleagues to ensure they afford sufficient priority to implementing those recommendations.**

The CCC’s recommendations provide a useful framework for ministerial discussions about progress. Last year each Minister considered the recommendations relevant to their portfolio and decided how to respond. I expect those that were accepted to be delivered in full and will continue to work with my Cabinet colleagues through revised internal governance structures, bilateral meetings and other channels.

**7. We would like you to explain why the Welsh Government did not seek the UK CCC’s views on the latest proposals for the SFS (published in December 2023).**

<sup>2</sup> For the purposes of reporting, greenhouse gas emissions are allocated into sectors known as Territorial Emissions Statistics (TES) sectors. These are different from the sectors in Net Zero Wales (CB2) and Prosperity for All: A Low-Carbon Wales (CB1).

<sup>3</sup> Base years for Welsh greenhouse gas emissions are 1990 for carbon dioxide, methane and nitrous oxide, and 1995 for the fluorinated gases.

The UK CCC reports and recommendations were a material consideration when developing the policy, design and the Sustainable Farming Scheme's development as set out in the 2023 Consultation. When doing so, officials balanced the multiple requirements of the Scheme against the Sustainable Land Management objectives as set out in the Agriculture (Wales) Act 2023.

**8. Before finalising the SFS, we expect you to consider how best you can utilise the UK CCC's expertise to ensure the SFS can make the necessary contribution to the delivery of carbon budgets and climate change targets.**

Officials will continue to engage with the UK CCC as appropriate and are meeting with CCC officials this month.

**9. We would welcome an explanation of the incentives/measures that you intend to put in place to support farm businesses that do not participate in the SFS in reducing emissions and maximising carbon sequestration.**

The Sustainable Farming Scheme is intended to be accessible to all, providing an appropriate level of support to encourage and enable farms in Wales to reduce emissions and increase their carbon sequestration. The Scheme is set against the regulatory baseline which is established for all farms in Wales. Knowledge transfer, advice and support, for example through Farming Connect, is expected to continue to be made available to all farmers.

**10. The route map will include key milestones and interim targets to facilitate and support scrutiny of progress towards delivery, as recommended in our 2023 report.**

The Heat Strategy for Wales and our upcoming residential decarbonisation route map and action plan will set out the actions we will take to support decarbonisation of our homes – lowering emissions, improving health outcomes and protecting our energy bills against global price surges. Having considered the advice of the Climate Change Committee, the Decarbonisation Implementation Group, stakeholder feedback from the Heat Strategy consultation and wider evidence, we are developing a suite of policies and proposals which will sit alongside key asks of the UK Government in areas of reserved powers. We will be setting out the key milestones and the reduction in emissions we aim to achieve through the collective efforts of the Welsh and UK Governments, our delivery partners and wider society.

**11. We request an explanation of the improvements made to the MRV system since the start of the current carbon budgetary period. We seek assurance that these improvements will ensure the MRV system is capable of tracking the implementation of policies in Net Zero Wales and their effectiveness in reducing emissions, as promised by the Welsh Government.**

For the MRV system in CB2 we have adopted similar core principles to CB1: a three-tiered system of indicators and a traffic light system to indicate progress. Since the start of CB2 we have refined our approach towards tracking policies that do not have publicly available and quantified targets by assigning a traffic light score to the general direction of travel, along with a qualitative commentary on progress. This better reflects the nature of many policies in Net Zero Wales.

**12. We request that you share the performance indicators for CB2 with the Committee and commit to publishing them to improve transparency.**

I completely agree that transparency is important in holding the Government to account and remain committed to going beyond the statutory requirements by not only publishing an assessment every five years, but also publishing annual Tier 1 performance indicators, by sector and sub-sector. Of course, there are additional layers of detail we have developed for internal use, but as I set out when I spoke to the Committee, these additional indicators are limited in nature by what relevant and meaningful data is available and when. I genuinely do not believe that publishing these would result in improved scrutiny, decisions or improved outcomes, and the additional focus on these, given their limitations, may in fact distract both Senedd members and Government from the vital job of action on the climate emergency. Net Zero Wales is clear which policies we expect to contribute to meeting our targets and Cabinet responsibilities.

**13. We would welcome your thoughts on how the Welsh Government could better support ongoing scrutiny of progress towards delivery of CB2 and Net Zero Wales during the remainder of the Sixth Senedd.**

Net zero is a shared Cabinet responsibility and as such is federated across the Welsh Government, and Net Zero Wales clearly outlines which Cabinet Secretary is responsible for each policy in achieving CB2. While the Climate Change, Environment and Infrastructure Committee has a particularly important role to play in scrutinising progress, the Senedd may find it productive to broaden its approach and apply a similar focus to all Cabinet Secretary portfolios.

Yours sincerely,



**Huw Irranca-Davies AS/MS**

Ysgrifennydd y Cabinet dros Newid Hinsawdd a Materion Gwledig  
Cabinet Secretary for Climate Change & Rural Affairs