

The Rt Hon Alok Sharma MP
President of COP23
alok.sharma.mp@parliament.uk

Date: 2nd December 2021

Dear Mr Sharma,

RE: Support for comprehensive and effective carbon pricing

I am writing to advise you that Bath and North East Somerset Council supports calls for comprehensive and effective carbon pricing and would request the UK government to:

- a) Introduce a UK-wide carbon pricing framework by the end of 2025, to be applied to all sectors of industry and to imports as well as to domestic production.
- b) Include a mechanism to use the proceeds fairly to ensure social justice and support a fair and equitable transition to a cleaner economy

The Council believes that man-made climate change is widespread, rapid, and intensifying, affecting every part of the globe. Since the second half of the 19th century, the release of greenhouse gases (GHGs) from human activities has warmed the planet by 1.1C. Rapid reductions in GHGs are needed immediately otherwise limiting global warming to 1.5C or even 2C will be impossible. These are the stark conclusions from the latest Intergovernmental Panel on Climate Change (IPCC) report, released in August 2021. The report presents the findings from years of in-depth work from over 200 scientists in 66 countries. It provided key evidence for the 2021 United Nations Climate Change Conference (COP26), which was hosted by the UK Government in Glasgow from October 31st to November 13th, 2021.

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It is estimated that the UK will be responsible for ~800 million tonnes of CO2 equivalent in 2021. We need mechanisms to reduce GHG use quickly. One potentially 'game changing' mechanism is carbon pricing, which could cover either carbon tax or an enhanced emissions trading scheme (ETS), covering all GHGs

emitted in the provision of goods and services. The current UK ETS arrangement covers only around a third of industrial emissions and so falls some way short of an effective carbon pricing mechanism.

The moral and economic case for comprehensive carbon pricing lies in the 'polluter pays' principle:

- Currently the costs of climate breakdown are not borne by the industries and activities that are causing the damage, but by people and communities coming under increasing pressure and danger.
- Outdoor air pollution from fossil fuels causes 3 million deaths globally each year and up to 36,000 in the UK.
- Carbon pricing, set at the right level, will drive fossil fuel consumption out of the economy and promote investment in clean alternatives.

This year's COP26 meeting in Glasgow failed to address an international carbon pricing framework, so the UK should introduce its own mechanism, including a carbon 'border adjustment mechanism' applied to goods imported into the UK to ensure that the GHGs emitted in their production are also subject to the pricing mechanism. A border adjustment mechanism would protect more cleanly produced UK made goods and incentivise other economies to lower emissions.

Carbon pricing would have a regressive effect in the UK, impacting the cost of transport fuel, electricity, heating, and food. Low-income households in the UK spend a greater proportion of their income on these carbon intensive goods. So, to ensure the fairness and equitability of a carbon pricing framework any inequality needs to be offset by a progressive mechanism of returning revenues to low-income households. In particular, carbon pricing must:

- Help deliver a just transition, which shares the burdens of decarbonisation equitably.
- Target the biggest polluters and those activities where emissions can most swiftly be reduced in a way that is fair to individuals and to businesses.
- Support and incentivise smaller emitters, such as households, to reduce emissions before applying carbon pricing to their energy bills.

I would like to thank you in advance for your support. I will also be writing to relevant ministers and local Members of Parliament to ask for their support on this matter.

Yours sincerely



Councillor Kevin Guy
Leader of Bath and North East Somerset Council

The Rt Hon George Eustice MP
Secretary of State for Environment,
Food and Rural Affairs
Sent via:
defra.helpline@defra.gov.uk

Date: 2nd December 2021

Dear Mr Eustice,

RE: Support for comprehensive and effective carbon pricing

I am writing to advise you that Bath and North East Somerset Council supports calls for comprehensive and effective carbon pricing and would request the UK government to:

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I would like to thank you in advance for your support. I will also be writing to relevant ministers and local Members of Parliament to ask for their support on this matter.

Yours sincerely



Councillor Kevin Guy
Leader of Bath and North East Somerset Council

The Rt Hon Jacob Rees-Mogg
jacob.reesmogg.mp@parliament.uk

Date: 2nd December 2021

Dear Mr Rees-Mogg,

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Councillor Kevin Guy
Leader of Bath and North East Somerset Council

Rt Hon Boris Johnson MP
Prime Minister
10 Downing Street
London
SW1A 2AA

Date: 2nd December 2021

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Councillor Kevin Guy
Leader of Bath and North East Somerset Council

Wera Hobhouse MP
wera.hobhouse.mp@parliament.uk
office@werahobhouse.co.uk

Date: 2nd December 2021

Dear Wera Hobhouse,

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Councillor Kevin Guy
Leader of Bath and North East Somerset Council



THE RT. HON. JACOB REES-MOGG M.P.
MEMBER OF PARLIAMENT FOR NORTH EAST SOMERSET

HOUSE OF COMMONS
LONDON
SW1A 0AA

Cllr. Kevin Guy,
Leader, Bath & North East Somerset Council,
Lewis House, Manvers Street,
Bath,
Somerset, BA1 1JG.

10th December 2021

Kevin Guy,

Thank you for your correspondence, on behalf of BANES Council, regarding carbon pricing.

The Government's position on this issue was set out in the following Parliamentary Written Answer from the Department for Business, Energy and Industrial Strategy on 13th September:

"The UK has an ambitious carbon pricing mechanism through our new UK Emissions Trading Scheme, launched at the start of this year to increase our carbon pricing ambition over the EU scheme it replaces. The UK ETS will be the world's first net zero carbon cap and trade market, and a crucial step towards achieving the UK's target for net zero carbon emissions by 2050. We have committed to explore expanding the UK ETS to other sectors.

We are also consulting on a business model to provide revenue support to low carbon hydrogen production plants in order to unlock private investment in hydrogen projects.

This will be complemented by the £240m Net-Zero Hydrogen Fund (NZHF), aimed at supporting multiple low carbon production routes that can realistically deploy in the 2020s to contribute to our 5GW ambition. As described in our recent Hydrogen Strategy, electrolysis using low carbon power, renewable or nuclear, will have an important role as we scale up UK hydrogen production."

I hope this answer is helpful in setting out the Government's position.

With every good wish,

Jacob Rees-Mogg

Wera Hobhouse

Liberal Democrat MP for Bath



Councillor Kevin Guy
Leader of Bath and North East Somerset Council
Bath & North East Somerset Council
The Guildhall
15 High Street
Bath
BA1 5AW

17 December 2021

Dear Kevin

Many thanks for your letter of 2 December, setting out Bath and North East Somerset Council's support for carbon pricing.

I share the Council's concerns about the need for bold and urgent action on the Climate Emergency. The IPCC report offered the starkest wake-up call yet, and extreme weather and flooding will become more frequent in the UK unless we greatly reduce our emissions. Tackling climate change requires international cooperation on an immense scale. However, I am doubtful that Boris Johnson's government and other governments across the world fully grasp the threat to our society that climate change presents.

If we continue at our current pace, this will probably lead to between 2 and 3 degrees C temperature increases by the second half of the century. The choices are not easy, the costs for many of us will go up and the rich countries will need to pay for the transition.

As the Liberal Democrat spokesperson for Energy and Climate Change, I have been pressing the Government to deliver a long-term bold and radical vision to tackle the Climate Emergency. Keeping world temperature increases to below 1.5 C requires one thing – that fossil fuels stay in the ground, which means a massive expansion of renewable energy. We need urgent action to decarbonise all sectors – from heating, to transport, to heavy industry. I firmly believe that delay on climate action is no better than climate change denial; there can be no more delay, and no more excuses.

Using carbon has a price, and the UK must work with other nations to transition from fossil fuels to green alternatives. It is important to ensure, however, that the price is fair to individuals and businesses and that it targets the largest polluters.

At our Autumn conference this year, the party passed a motion setting a new national policy on carbon pricing with this aim in mind. The full carbon pricing paper can be viewed at

https://d3n8a8pro7vhmx.cloudfront.net/libdems/pages/61593/attachments/original/1631089215/embedpdf_PP139A_book_rev.pdf?1631089215.

As part of the carbon pricing paper, the Liberal Democrats are proposing to employ carbon pricing policies to help to deliver a just transition, where the burdens of decarbonisation are shared equitably.

Accordingly, we will use carbon pricing policies to target the largest polluters and those activities where emissions can most swiftly be reduced, in a way that is fair to individuals



31 James Street West, Bath, BA1 2BT
office@werahobhouse.co.uk
01225 307024 - @wera_hobhouse

and businesses. For smaller emitters, such as households, we will offer support and incentives to reduce emissions before applying carbon pricing to their energy bill.

The party is also proposing that carbon pricing instruments should be combined with other approaches, including regulation, information and subsidy. We believe that this will lead to better and faster outcomes, rather than when they are used in isolation.

Finally, the Liberal Democrats will also ensure that the UK collaborates closely with the EU, cooperating in carbon pricing policies to maximise impact and minimise problems for business trading across the border.

Thank you again for contacting me on behalf of the Council on this important policy matter, and please do get in touch with my office should you wish to discuss this further.

Best wishes

Wera



Wera Hobhouse
Liberal Democrat MP for Bath

Whilst Wera Hobhouse MP will treat as confidential any personal information that you pass to her, she will normally allow staff and authorised volunteers to see it if this is needed to help and advise you. Wera Hobhouse may pass on all or some of the information to agencies such as the DWP, HM Revenue and Customs or the Local Council if this is necessary to help with your case. Wera Hobhouse may wish to write to you from time to time to keep you informed on issues that you may find of interest. Please let her know if you do not wish to be contacted for this purpose.



Cabinet Office

Public Correspondence
publiccorrespondence@cabinetoffice.gov.uk

Our reference:
TO2021/23423

Councillor Kevin Guy
kevin_guy@bathnes.gov.uk

Cabinet Office
70 Whitehall
Westminster
London
SW1A 2AS

24 December 2021

Dear Councillor Kevin Guy,

Thank you for your letter of 2 December, regarding COP26 and Bath and Somerset Council's support for comprehensive and effective carbon pricing. Please accept my apologies for the delay in responding to you.

COP26 was the biggest summit that the UK has ever hosted, bringing together 120 world leaders and over 38,000 key figures from governments, civil society, business, and youth to tackle the urgent challenge of climate change.

The aim as COP26 Presidency was to keep alive the possibility of limiting the rise in global temperature to 1.5°C. To achieve this, we aimed to drive down emissions through mid-century net zero commitments and ambitious 2030 emissions reduction targets; to protect people and nature from the impacts of climate change; to get finance flowing to climate action and to work together to achieve a successful negotiations outcome.

We have made progress against each of our goals, with the agreement of the Glasgow Climate Pact helping to speed up the pace of climate action. As an example, we now have net zero commitments for over 90% of the world's economy - up from 30% two years ago, when the UK took on the COP26 Presidency. The Paris Rulebook was concluded after 6 years. And a \$100bn Delivery Plan was published demonstrating with confidence that the target will be met by 2023 at the latest. However, even with the actions committed both ahead of and at COP26, communities around the world will continue to feel the impact of our changing planet. We must therefore continue the work of COP26 with a concerted and immediate global effort to deliver on all pledges.

The Government is proud to have hosted this year's conference and we welcome your comments and thoughts. The Glasgow Climate Pact is a historic agreement, but we know we have much further to go. The UK will use the Presidency year to ensure that the commitments from COP26 are delivered, and that we build on our progress in Glasgow.

Regarding the points raised on carbon pricing, the UK no longer provides any fossil fuel subsidies domestically. In addition, from 31 March this year the UK no longer provides any new direct financial or promotional support for the fossil fuel energy sector overseas, other than in very limited circumstances. We are aligning our support to enable clean energy exports.

The Glasgow Climate Pact is the first time that coal power and fossil fuels have ever been referenced in a COP text – agreed by all 197 countries and parties. This is a monumental step that demonstrates a powerful shift to clean energy and sets major precedent for further action in this area, building on progress made under our Presidency on international financing and commitments.

The Powering Past Coal Alliance (PPCA) now has 165 members, including national and sub-national governments, businesses, and organisations. Among OECD countries, the share of coal in power generation has fallen from a peak of 40% in 1990 to a low of 23% in 2019 (IEA, Electricity generation by source, OECD, 1990-2019, <https://www.iea.org/data-and-statistics/charts/electricity-generation-by-source-oecd-1990-201934>). 64 countries have now committed to coal phase out, with new commitments at COP26 from over 10 countries including South Korea, Vietnam and Poland.

The G20 (notably including Japan, South Korea and China) have committed to end public financing of coal overseas by the end of 2021. 34 countries and 5 public finance institutions also support a UK-led initiative to end international public support for the unabated fossil fuel energy sector by the end of 2022. This could shift \$24 billion a year out of fossil fuels and into the clean energy transition. All major coal financing countries have also committed to end international coal finance by the end of 2021, with \$20 billion in funding to support the coal to clean power transition announced at COP26, including:

- \$10 billion of funding from philanthropists and development banks to support energy access and a clean energy transition in the Global South.
- An initial \$8.5 billion to enable decarbonisation and the just transition in South Africa.

We agree that commitment to jointly mobilise \$100 billion of climate finance a year is critically important. Over 450 private financial institutions, which are responsible for over \$130 trillion of assets, have committed to net zero by 2050, through the Glasgow Financial Alliance for Net Zero (GFANZ), within the UN's Race to Zero. Firms have also committed to come forward with 2025 or 2030 decarbonisation targets within a specified timeline, and over 90 asset managers or asset owners have already set targets for 2025 or 2030.

I hope you have found this response helpful and thank you once again for taking the time to write.

Yours sincerely,

Fran
Correspondence Officer
Public Correspondence Team | Cabinet Office