



Stop Climate Chaos Scotland

2nd Floor, Thorn House
5 Rose Street
Edinburgh
EH2 2PR

info@stopclimatechaos.scot
www.stopclimatechaos.scot

Emissions Trading,
Department for Energy Security and Net Zero,
55 Whitehall,
London,
SW1A 2HP

23rd January 2025

(Sent by email to: ukets.consultationresponses@energysecurity.gov.uk)

Dear Emissions Trading,

SCCS consultation response: UK ETS scope expansion: maritime sector

Stop Climate Chaos Scotland (SCCS) is Scotland's climate coalition, with over 70 diverse civil society organisations campaigning together for climate action and justice in Scotland. SCCS believes the Scottish and UK Governments must take fast, fair action to address the climate emergency, delivering our fair share of action to limit global temperature rises to 1.5 degrees, championing international climate justice and inspiring others to take action.

SCCS is pleased to respond to [this consultation](#) on a number of proposals to expand the ETS scheme to the maritime sector and hopes that these comments are of value to you in the development of the policy. Although not stated explicitly, the context for this consultation is the ongoing climate emergency, and the need to decarbonise the economy. **It is therefore welcome that the UK and other Governments that comprise the ETS Authority seek to “overcome a key barrier to decarbonising the [maritime] sector” especially, as is admitted, “the prices of maritime fuels currently do not reflect their environmental costs”.** The context of the climate emergency, and the steps taken thus far by the UK and Scottish Governments is set out below.

Climate context

From devastating droughts to catastrophic floods, the impact of the spiralling climate crisis could not be clearer, and those with the least responsibility for causing rising global temperatures are facing the most severe - and deadly - consequences.

At different stages both the UK and Scotland have been global climate leaders. However, recently progress has been poor and, in Scotland, legislation has been necessary to reframe climate targets given the CCC advice about the unachievability of the 2030 target. The latest [CCC Report to the Scottish Parliament on Progress in Reducing Emissions](#) sets out the current situation very well and highlights that:

- **Current overall policies and plans in Scotland fall far short of what is needed to achieve the legal targets under the Scottish Climate Change Act.** The CCC identifies risks in all devolved policy areas - transport, buildings, agriculture, land use and waste. The CCC did, however, welcome policy actions and proposals related to heating but sought a clearer timeline for the Heat in Buildings Bill.
- **The Scottish Government has delayed its draft Climate Change Plan.** A draft CCP was, previously, expected in November 2023 but has been delayed. Scotland is therefore lacking a comprehensive strategy that outlines the actions and policies required to achieve the 2030 target.
- **Most key indicators of delivery progress are off track**, with tree planting and peatland restoration rates, heat pump installations and community energy, electric van sales and recycling rates significantly so.

With the Climate Change (Emissions Reduction Targets) (Scotland) Act 2024 now passed, attention now turns to the setting of the first carbon budgets, and the production of a Climate Change Plan to meet that budget. As indicated above, **there is an urgent need for faster and bolder action to deliver emissions reductions, both immediate and to be set out in the forthcoming plan.**

Similar challenges face the new UK Government. While the previous UK Government's Net Zero Strategy, purported to set a path to meeting emissions' reduction targets, it was described as '[feeble and inadequate](#)' and announcements that sought to roll-back on commitments, were [criticised by the CCC](#). Indeed, in May 2024, the then UK Government's Net Zero Strategy was, [for the second time, ruled to be inadequate](#) by the English Courts. It is now a matter for the new UK Government to produce a credible strategy.

To rise to the emergency, to meet our targets to achieve net zero, through a just transition, and support the poorest, most affected communities, stronger and faster action is necessary by [both](#) the UK and Scottish Governments. The UK Government (through matters that are 'reserved' to the UK Parliament) has an important parallel role.

The new UK Government must deliver on its pledges and support more ambitious action to address the climate crisis. It will now be in power for the majority of the crucial second half of the 'decade of delivery' to 2030, so its approach to climate in exercising these reserved powers will be critical. **The next Scottish Government must, therefore, work with the new UK Government to ensure positive and complementary action on reserved matters** - to support its actions in devolved areas (including those suggested above).

Response to ETS consultation: general observations

In the light of the context described above, SCCS warmly welcomes actions by the UK or Scottish Governments that genuinely drive forward, and incentivise, the decarbonisation of the economy. Such actions can include regulations or fiscal measures, as well as advisory support to individuals and businesses. SCCS has previously reviewed the use of fiscal measures for climate policy, our report [Making Polluters Pay and Delivering Climate Justice](#). This included reflections on the UK ETS scheme (see section 6.2).

We note that the consultation indicates that the ETS Authority had previously announced the intention to expand the scope of the UK ETS to the maritime sector from 2026. This consultation therefore seeks views on proposals to inform implementation details.

We also note that there have been concerns, in the past, expressed over the operation of the EU (and UK) ETS schemes (see, for example, [here](#) and [here](#)). These relate to a mix of in-principle concern about the reliance on market mechanisms (as opposed to regulation or direct taxation/subsidy) and issues with the effectiveness and efficacy of the schemes as implemented (some of the latter concerns demonstrating the inherent issue of a market-based approach).

Notwithstanding the above, however, both the EU and UK ETS schemes exist and, while they do, every effort should be made to ensure they are as effective as possible – including delivering emissions reductions. **As the maritime sector is responsible for significant greenhouse gas emissions, therefore, SCCS fully supports the proposal to expand the UK ETS scheme.** This support is, however, conditional on recognising the limitations and potential loopholes in any such scheme and complementing it with regulation or direct taxation/subsidy as/when necessary.

Response to ETS consultation: specific issues

In recognising the limitations of any ETS scheme, the Authority must have regard to challenges made to the operation of past and existing schemes and ensure that these matters are addressed – so that real and sustained reductions in emissions are achieved (and the scheme does not operate as a 'licence to pollute'). SCCS therefore welcomes this consultation on the details of the proposed expansion and would urge the UK ETS Authority to finalise these details, taking account of this need to ensure that the scheme is effective.

While requesting cognisance of these effectiveness and efficacy issues and expressing the general observations above, SCCS has few detailed observations to make, but will comment – as below – on a number of issues raised in the consultation.

(a) Section A

In relation to the definition of domestic voyage (questions 1-10), SCCS is content with the proposals as set out. These will address a proportion of the maritime sector's emissions but, it is also noted that this is, by definition, only a proportion (and potentially a small proportion, given the international nature of shipping). Thus, we also welcome (see section B) the proposal for review and to consider the inclusion of international shipping (arriving in or departing from the UK) in due course.

All greenhouse gases contribute to climate change and indeed many are more potent than carbon dioxide. We therefore welcome and fully support the proposal to include methane and nitrous oxide within the scheme (questions 13 and 14).

In relation to the proposal to exempt Government non-commercial maritime activity (question 15), SCCS has no firm views. On the one hand, this makes sense as non-commercial government activity to serve the public interest should not be subject to market mechanisms. On the other hand, this activity (generally more domestic in nature than commercial shipping) will generate significant emissions. We therefore note and welcome the observation in the consultation paper that “these ships are still expected to decarbonise their operations in line with the UK's net zero commitments”.

Thus, SCCS understands the proposed exemption – however, if applied this should be subject to clear and definitive evidence that plans are in place, and being delivered, to ensure the decarbonisation of these ships.

In relation to the proposal to exempt Scottish Islands Ferry Services (question 16-19), SCCS adopts a similar approach to that for Government non-commercial operations. We recognise the concerns outlined for these ‘lifeline’ services and the Scottish Ministers’ duties under the Islands (Scotland) Act 2018. However, we are also aware of the emissions that these services generate – and so these must be addressed.

Thus, subject to Scottish Ministers setting out and delivering a clear and definitive plan to ensure the decarbonisation of these ships, SCCS is content that these services are exempt from the expanded ETS scheme.

In relation to the setting, and adjustment, of the UK ETS Net Zero Cap (questions 21-24), SCCS is in principle supportive of the proposals as outlined. However, would also observe that these are issues that have, previously, caused ETS schemes to be challenged as ineffective – and would therefore request that the UK ETS Authority have regard to these concerns in the implementation of the proposals.

(b) Section B

As with any public policy, any ETS scheme (expanded or otherwise) should be subject to review and amendment if effectiveness or efficacy is in doubt. SCCS therefore supports the review proposals outlined in the paper (questions 41-46). With the UK ETS scheme as a whole subject to review in 2028, it is very appropriate to review the expansion to the maritime sector at the same time (it would be subject in any case to any general revisions arising from the review).

SCCS would also be generally supportive, subject to the general observations about ETS schemes, to the widening of the scheme by lowering the threshold. All shipping generates emissions and the goal must be decarbonisation of the entire sector. Unless and until there are other measures in place to drive such decarbonisation, this scheme should in due course be widened to encompass as much of the sector as possible.

Finally, as indicated above and for the reasons of completing decarbonisation, SCCS would be supportive of widening the scheme to include international routes (questions 47-49).

Thank you again for the opportunity to respond to this consultation and I hope the general, and section-specific, comments above are useful – and can be taken into account as the UK ETS Authority finalises its implementation of this policy. SCCS would be pleased to discuss this issue with Ministers and/or officials if that would be useful.

Yours faithfully,

A handwritten signature in black ink, appearing to read 'Becky Kenton-Lake', with a long horizontal flourish extending to the right.

Becky Kenton-Lake
Stop Climate Chaos Scotland