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Counsel General and Minister for European Transition



Llywodraeth Cymru
Welsh Government

The Rt Hon Michael Gove MP
Chancellor of the Duchy of Lancaster
Cabinet Office
70 Whitehall
London
SW1A 2AS

6 July 2020

Dear Michael,

I am writing to you to set out some further detail on the Welsh Government's priorities in respect of energy and civil nuclear cooperation as part of the UK/EU future relationship negotiations.

We have been clear that the Welsh Government would have set a different approach to the negotiations than the one advanced by the UK Government, including our view that the negotiations should have been paused and the transition period extended. Despite this, we want to remain constructive in the negotiations to seek to ensure that Welsh interests and impacts are taken into account properly in the negotiations.

The Welsh Government wants an outcome that will ensure we can meet our policy ambitions on decarbonisation, renewable energy and fuel poverty. Wales has benefitted overall from the EU arrangements on energy and climate and there are particular characteristics within Wales that need to be taken into account, in terms of our emissions profile, infrastructure and demographics.

It is essential that the UK Government recognises the interaction and interdependencies between areas that are reserved and those that are within our competence and seek to agree negotiation positions on all matters relating to energy and climate change. Wales has a large, energy intensive industrial base, significant levels of fuel poverty, and produces

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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.

above our population share of electricity. It is critical that the negotiation with the EU does not result in negative impacts such as increases in energy costs or disruption to crucial supply chains. What assurances can you provide that the deal the UK Government agrees with the EU will not adversely affect our ability to meet our energy and environmental commitments nor result in higher energy prices or less security of supply for consumers in Wales?

More broadly, I continue to call on the UK Government to publish the evidence and impact analyses on the implications of your preferred approach on energy and climate change covering the implications on consumers and the environment. What plans do you have to publish the detailed economic, equality and environmental impact assessments necessary to understand the implications of the UK Government's approach?

Emission Trading Scheme (ETS)

The Welsh Government's position has been clear and consistent throughout. Given we will be leaving the EU ETS at the end of this year, the most effective future policy is to implement a UK ETS which is linked as soon as practicable to the EU ETS. Linking global markets for emissions allowances will drive deep decarbonisation while avoiding carbon leakage or additional tariffs. This was also the preference of a large proportion of stakeholders who responded to the consultation.

Lesley Griffiths, the Minister for Environment, Energy and Rural Affairs, has stressed the importance of a linked system in her conversations with UK Ministers, and has reiterated her position in writing. During the Ministerial quadrilateral meeting of 30 April, the Ministers of all the UK nations agreed on a strong preference for linking. We have made considerable progress in agreeing a joint policy position on a future UK ETS which delivers our domestic climate objectives whilst being attractive from a linking perspective. It is now the responsibility of the UK Government to do the right thing for our industries and our climate ambitions and deliver a linking agreement as part of the wider Brexit negotiations.

Civil Nuclear Cooperation

We recognise that matters relating to international nuclear safeguards, safety and security standards are reserved, and we have no delivery responsibilities in relation to civil nuclear safety and cooperation. Our interest in relation to these issues and our support for projects associated with the sector is primarily predicated on the potential socio-economic and health and wellbeing benefits for Wales. For example, we are exploring the possibility of establishing a medical radioisotopes and research reactor at one of our nuclear licensed sites. The aim is to secure the supply of medical radioisotopes for Wales and the UK, and provide export opportunities. We also have a number of other nuclear associated projects in the planning stage.

We are therefore encouraged at what appears to be a considerable degree of commonality between the respective positions of the UK and the EU on the desirability of securing an agreement on civil nuclear cooperation, and we support the shared aspiration of the parties to facilitate trade, research and development in this area. We also noted Michel Barnier's comments earlier this year that there is 'convergence' in the parties' objectives as they relate to cooperation on civil nuclear power. We hope therefore that a mutually beneficial agreement can be secured.

I look forward to receiving a substantive response to these points, as well as to my previous letters, and for the opportunity for specific discussions with you on these questions.

I am copying this letter to the Secretary of State for Wales, and the Paymaster General; to the Cabinet Secretary for the Constitution, Europe and External Affairs in the Scottish Government; and to the First Minister and deputy First Minister of Northern Ireland.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'Jeremy Miles', with a stylized flourish at the end.

Jeremy Miles AM

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