

The Rt Hon Edward Davey MP
Secretary of State

Department of Energy & Climate Change
3 Whitehall Place
London
SW1A 2AW

www.decc.gov.uk

Our ref: PO2012/16433

Eva Filzmoser, Programme Director, CDM Watch
Clare Perry, Senior Campaigner, EIA
Keith Allott, Head of Climate Change WWF-UK

By email to: anja.kollmuss@cdm-watch.org

10 November 2012

Open letter on Kyoto emission units (AAUs)

Mess Tug, Clare and Keith,

Thank you for your letter dated 4 October.

The UK Government recognises the risk to meaningful action against climate change from surplus AAUs, and is fully in favour of a solution to the issue that delivers environmental integrity. In this context, the UK welcomed the G77 proposal in Bangkok, which we felt offered a constructive contribution to the issue, and contained many useful elements, especially the provision to cancel AAUs after 2020. However, we question whether the restrictions are sufficiently tight to protect environmental integrity fully pre-2020.

In terms of use of AAUs in the second commitment period of the Kyoto Protocol, the UK will continue to call for the highest possible standards of environmental integrity, and will continue to press EU and other international partners for a solution on the surplus AAU issue. In particular, I personally pressed for a strong EU position on this issue at EU Environment Council on 25 October.

In terms of your specific questions about purchasing AAUs or Joint Implementation credits, the Government recognises the importance of placing the UK on an appropriate pathway to meet its longer-term emissions reduction targets. As a result, outside of the EU Emissions Trading System, we aim to meet our target under the second commitment period of the Kyoto Protocol through domestic action.

In addition, it is worth noting that all EU Member States need to comply with the 2008 EU Climate & Energy Package over the period 2013-20, and this includes the EU Emissions Trading System (EU ETS). You may be aware of current European negotiations on surplus EU Allowances in the EU ETS. I am using these negotiations to argue for permanent cancellation of a significant number of allowances, so as to remove this surplus from the System and to ensure the EU ETS continues to drive investment in low carbon.

Finally, I would like to add that in terms of the first commitment period of the Kyoto Protocol, the UK is committed under the UK Climate Change Act 2008 to cancel any surplus AAUs generated as a result of our first Carbon Budget (2008-12) being more stringent than our target in the first commitment period of the Kyoto Protocol (2008-12).

yours,

A handwritten signature in dark ink, appearing to read "Edward", with a horizontal line underneath.

EDWARD DAVEY