

# Carbon Budgets: Policy Commission

Commission for March publication - 2022/2023

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## Overview

The deadline for returns to this commission is **Wednesday 25th January 2023**.

### Background to March publication

As you know, March will be a key moment where we will need to publicly set out our updated plans around net zero including the HMG responses to:

- The **Court Order** following the recent Judicial Review against the Net Zero Strategy (due by 31 March 2023), which requires BEIS SoS to publish a report setting out how carbon budgets will be met, including quantification of policies and delivery risks;
- The **Climate Change Committee's** annual progress report (also due by 31 March);
- The **Net Zero Review** led by Chris Skidmore, which will conclude shortly; and also
- Publication of a refreshed **Green Finance Strategy**.

### Legal context

In July 2022, BEIS lost a judicial review of the Net Zero Strategy (NZS). Whilst the Net Zero Strategy was not quashed as a statement of government policy, the Court ruled that:

- A) The Net Zero Strategy does not comply with the Climate Change Act because it does not include information on the quantitative contributions that individual proposals and policies are expected to make to meeting carbon budgets, and does not explain how any shortfall in quantified emissions savings would be made up, including which unquantified policies are being relied upon.
- B) BEIS SoS failed to comply with the Climate Change Act because he didn't have sufficient information on the quantitative contributions from individual proposals and policies to be able to determine delivery risk and therefore couldn't lawfully conclude that the proposals and policies in the Strategy were sufficient to enable carbon budgets to be met.

To comply with the ensuing Court Order, we are required to advise BEIS SoS on our latest set of policies and proposals with quantified emissions data under section 13 of the Act (addressing point b)), and to publish a compliant public report under section 14 of the Act (addressing point a)) by 31st March 2023.

The core of this response will be the regular quarterly policy commission, through which we collect details of carbon savings by policy. However, we will also need some additional information to comply with the judgment, in particular:

Information on any additional policies and proposals required to meet effort shares. These could be:

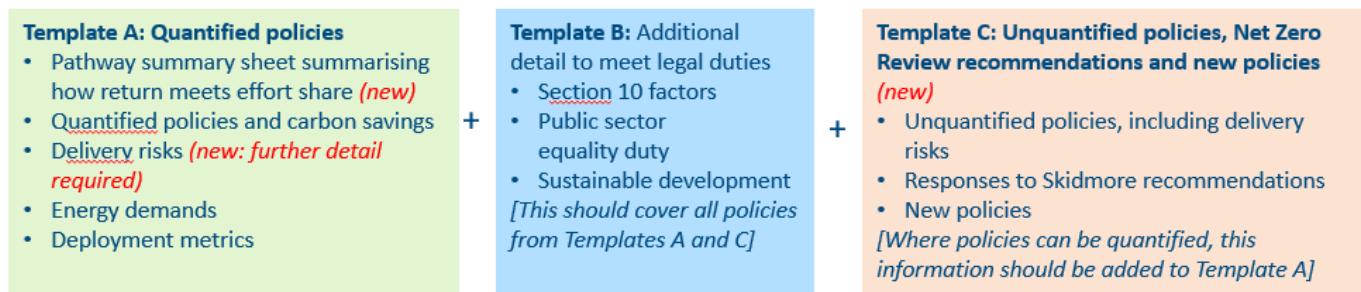
- **Quantified**- wherever possible, policies and proposals should have quantified carbon savings attached.
- **Unquantified**- including ‘enabler’ policies which support emission savings elsewhere. The JR concluded that policies and proposals to meet carbon budgets do not all need to be fully quantified, and it is acceptable to include some level of unquantified policies (at the time of the NZS, 100% of savings for CB4 and CB5 and 95% of savings for CB6 were quantified). If we are relying on unquantified policies to achieve effort shares, we will need to robustly and clearly explain how we expect these to make up the additional carbon savings, including any delivery risk: as BEIS SoS will need to satisfy himself that he has a package of policies and proposals to enable carbon budgets to be met.
- **As far as possible, effort shares should be met using quantified policies - as a greater reliance on unquantified policies carries increased legal risk.**

**Delivery risks** - Further information on delivery risks- the judgment was clear that BEIS SoS needs sufficient information on delivery risks to make an informed judgement about whether carbon budgets can be met. This must include qualitative explanation of risks and planned mitigations, in addition to RAG ratings, building on existing work on monitoring delivery risks.

#### Commission structure

The Policy Commission is divided between three templates:

- **Template A**, which is a machine-readable excel file. This captures all information at policy level, including emissions savings
- **Template B**, which collects information on barriers and wider impacts of policies. Noting that many policies will have similar information, teams may group policies together here.
- **Template C**, which collects information on unquantified policies, recommendations from the Net Zero Review, and any new policies or proposals needed to meet effort shares.



Taken together Templates **A** and **C** should demonstrate how sector teams will meet (or overachieve) effort shares.

## Objectives of the policy commission – including meeting effort shares

The commission asks teams to provide updated information on their sectoral policy packages including the information submitted as part of the Net Zero Strategy (NZS). We are expecting sectors to show how their policies and proposals meet sector effort shares underpinning the Net Zero strategy.

As far as possible, effort shares should be met using fully quantified policies - the greater the reliance on unquantified policies, the higher the legal risk. If quantified policies and proposals do not achieve 100% of the effort share, then unquantified policies relied upon must be set out and robustly explained so that it is clear how the overall package will achieve the effort share. Unquantified policies could

include those listed in the net zero strategy or new policies and proposals that have arisen since but can't be quantified, for example Net Zero Review recommendations.

Please assume that any funding in the current Spending Review cycle would need to be met from existing settlements/baselines, and decisions on future funding would be for future Spending Reviews.

To note, the final list of named policies and proposals published in our s14 report may differ from the lists used in this commission. Any changes made to lists will be to promote transparency by ensuring the report contains a list of individual policies – rather than effects of policies – and to maintain consistency with the content of the Net Zero Strategy. We will discuss with sector teams in the new year to discuss and agree any naming changes that may be required for the final list of policies and proposals.

The core objectives of the commission are to:

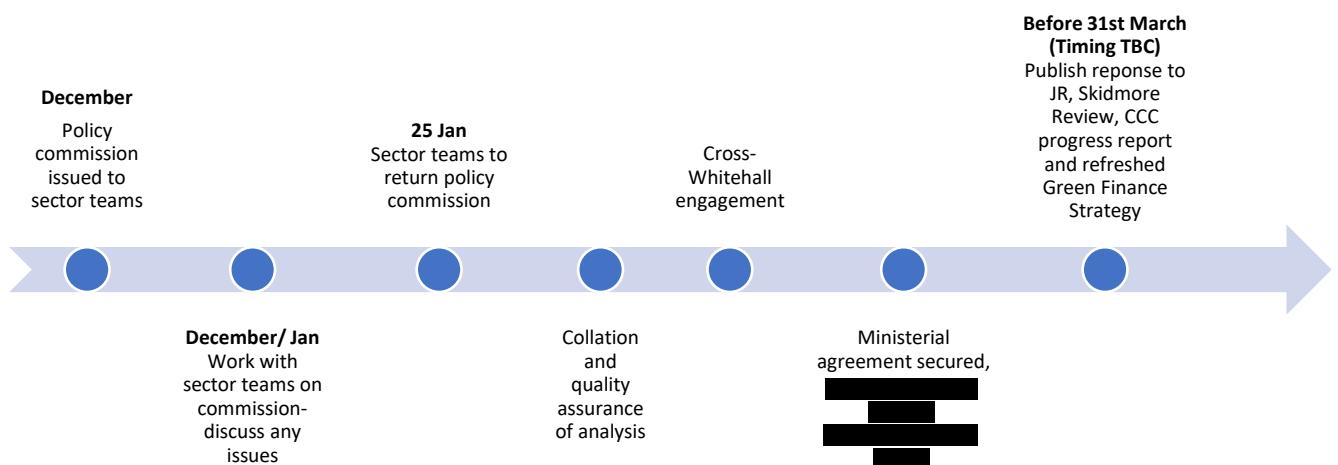
- Understand updated quantified projected emissions savings from sector policy packages.
- Identify unquantified policies that could deliver additional emissions savings.
- Understand in further detail the level and nature of delivery risks across all policies.
- Collect key information we need to ensure we are in line with legal requirements, such as factors listed in section 10 of the Climate Change Act.
- Collect adequate information to be able to advise BEIS SoS under section 13 of the Act.
- Understand sector's latest plans on achieving effort shares.
- Understand sector positions on the recommendations set out in the Skidmore Review.

We will also engage with you in the new year on any updates needed on our response to the Climate Change Committee Progress Report, building on the work done on this earlier this year.

**Final return numbers will need to be published to the public as part of the S14 report (see legal context section).** Therefore quality assurance and analytical robustness is of the utmost importance.

## Timelines for commission and governance

See below a timeline from commission launch.



## Indicative sector pathways

The Net Zero Strategy included a whole-economy ‘delivery pathway’ – an indicative basis on which we plan to stay on track for our emissions targets. The Net Zero Strategy continues to represent our plan to meet our carbon budgets, and we will continue to track progress against this pathway. The ‘delivery pathway’ breaks down into indicative sector pathways, based on the sector effort shares agreed at the time of the Net Zero Strategy, as shown in Table 1 below. These are expressed as residual emissions, rather than savings required to meet the target.

**Table 1: Indicative sector pathways (per annum residual emissions MTCO<sub>2</sub>e, based on ‘AR5 without feedback’ GWP<sub>s</sub>)**

Sector	2020	CB4 (avg)	NDC (2030)	CB6 (avg)
<b>Agriculture &amp; LULUCF</b>	50.0	45.5	40.0	34.0
<b>Buildings</b>	84.0	77.0	59.5	39.0
<b>Domestic Transport</b>	98.5	105.0	72.5	34.5
<b>Fuel Supply</b>	22.5	19.5	14.5	10.5
<b>Industry</b>	73.0	60.5	40.0	23.0
<b>Power</b>	49.5	29.5	15.0	9.5
<b>Waste &amp; F-gases</b>	31.0	21.5	15.5	11.5
<b>Engineered removals</b>	0.0	0.0	-5.5	-22.0
<b>IAS</b>	20.5	44.0	47.0	42.0
<b>Total (excl. IAS)*</b>	408.5	358.5	251.5	
<b>Total (incl. IAS)</b>	429.0			182.0

Totals of rounded figures.

## Technical annexes to support modelling

Since the Net Zero Strategy was published, there have been significant changes in the economy and energy markets which will have altered key modelling parameters.

In the August commission we asked sectors to re-baseline to the [EEP 2021-2040 reference case published this October](#). In this commission we **will continue to use the EEP 2021-2040 baseline and supporting annexes as used in the August commission**. It is important that returns to this commission remain aligned on these key assumptions.

We are happy to work with sector teams if they have any questions on there baselines.

Publication	Interim Attachment	Description	Timing
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EEP 2021-2040	Annex E and F	Updated energy demands	Alongside commission
	Annex A (NC and NZS categories)	Updated sectoral emission figures by GHG	Alongside commission – CO2 only
	Annexes C and D	Updated IPCC and policy level emissions	Will be updated to add Non-CO2, LULUCF and update domestic coal. Please discuss with us if you need these
	Annex M	Assumptions on eg growth, population underlying EEP	Alongside commission
Supplementary Guidance updates	Retail electricity and gas prices	Updated Supplementary Guidance Tables 4, 5	Alongside commission
	Retail coal, oil and road fuel prices	Updated Supplementary Guidance Tables 6, 7, 8	
	Updated GDP deflator	Series for rebasing prices	Alongside commission
GHGI materials	2020 Greenhouse Gas Inventory	Updated historical emission figures	Available <a href="#">online</a>
	NZS taxonomy	Allocation of each IPCC/source code to NZS sectors	Alongside commission

Note that we have deprioritised updates to

- Emission factors: these are not expected to be materially different
- LRVC series: we do not expect these to be direct inputs to remodelling
- High/low series: we will be in contact with teams as necessary to discuss uncertainty particularly around fossil fuel prices, given ongoing work and changing context.

There are no updates to Table 3 carbon values (though you may need to rebase prices).

**Please ensure that all templates are SCS cleared (policy and analytical) before you return them back to us.**

## Contact Details

The Net Zero and Carbon Budgets team are happy to provide additional guidance on completing returns to this commission. Please copy in relevant sector leads when contacting us.

- **Net Zero and Carbon Budgets policy:** [REDACTED] AG [@beis.gov.uk](#)
- **Net Zero and Carbon Budgets analysis:** [REDACTED] AI [@beis.gov.uk](#)

## Guidance on completing Template A

**Please ensure that all templates are SCS cleared before your final return on the 25<sup>th</sup>/01/2023.** You can send non SCS cleared templates before the due date.

In this guidance we do not provide a run through for each and every variable required, this is set out in the excel tab 'Cover'. This guidance is at a higher level, explaining the structure of the request as well as key notes on how to fill it out. It is intended as a reference tool and is not expected to be read start-to-finish.

### **How to incorporate new policy and Net Zero review recommendations**

Where you add in new policies, you will need to create a unique "ID" for that policy. This helps us distinguish between policies in our analysis according to whether it is (a) a new policy or an existing one and (b) an "enabling" policy or one that delivers additional carbon savings.

We must also track whether policies are proposed in response to the Net Zero Review led by Chris Skidmore. For Skidmore recommendations which build on an existing policy (with an existing policy ID) please create a new ID using the guidance below, but clearly reference the existing policy ID in column G (if it delivers additional carbon savings) or I (if it does not deliver additional carbon savings).

Unique IDs have already been attributed to "enabler" policies agreed at the time of the NZS.

Where you need to assign a new policy an ID, please follow the below instructions:

1. If your measure is a new policy which directly delivers emission savings, please refer to it using the below method: CG-"NZS sector"-“unique number”.
  - a. For example, a new policy that reduces emissions in car manufacturing processes would be in the Industry sector and would have a code: *CG-Industry-01*
2. If your measure is a response to a recommendation set out in the Skidmore Review, please use a code of: NZR-"NZS sector"-“unique number”.
  - a. For example, a new policy that reduces agricultural emission would have a code: *NZR-agriculture-01*
  - b. If your policy is a response to the Skidmore Review *and* directly leads to additional emission savings, please indicate so in column F and add the policy into Template A. You should use the "NZR", not "CG" code format.
3. If your measure is new and does not directly generate emission savings, then it is classified as an "enabling" policy. Please use a code of E-"NZS chapter"-“unique number”
  - a. For example, "*E-Investment-01*" or "*E-embedding-01*"

### **Residual Emissions Profile Tab [Important update for December commission – sector teams must complete]**

This is a new tab for this commission, to aid us in rapidly understanding the information provided in your return and help with quality assurance. This tab should summarise the information provided in Templates A and C regarding your baseline and total savings, including from existing policies and proposals and from potential new policies (including Skidmore recommendations).

This tab also collects narrative on how the information provided in your return meets your sector effort share. This will allow us to understand how you expect any unquantified policies to be sufficient to meet any gap in quantified savings (where relevant).

*As far as possible, policies to meet effort shares should be quantified. If we are relying on unquantified policies to achieve effort shares, we will need to robustly and clearly explain how we expect these to make up the additional carbon savings, as we will need to provide adequate information for BEIS SoS to satisfy himself that he has a package of policies and proposals to enable carbon budgets to be met.*

The figures provided in this Template and summarised in this tab will form the basis of what we publish on March 31<sup>st</sup> (following ministerial agreement regarding any new policies). **It is important that these pathways are fully QA'd and reflect the savings you have reported in the template.**

## Tab 1a Characteristics

Below we have provided a short guidance for the sections that are new or have markedly changed since the last commission. For the remaining sections, a short description is provided directly on row 4 of the spreadsheet. Best practice completion notes, as well as a full list of fields, are included on the 'cover' tab.

### Policy characteristics

This section collects general characteristics about each policy.

If a policy is an “enabler” (ie. a policy that supports emission savings elsewhere) or does not have quantifiable impacts, please include it in template C, not template A. If the policy has now been fully included in EEP, then do not keep this in your return.

### Levers held by which authorities

We are seeking to understand the role of public authorities outside of the UK Central Government in each decarbonisation option. We would particularly like to understand, for policies that may require regulation, which the most likely body would be in delivering that regulation (you are welcome to flag if emerging thinking).

For the local authority field, returns can be based on your best assessment, and will be analysed indicatively and in aggregate. The template asks for a ranking of 0 to 4 with the following definitions

0. No local authority involvement in delivery
1. Local authorities can choose to be involved, e.g. by voluntarily acting as a delivery agent in their own right, applying for funding that is open to a range of stakeholders
2. Local authority involvement is explicitly desired to facilitate delivery – e.g. making use of their local knowledge and convening powers, raising awareness and promoting the opportunities to local residents, businesses and other stakeholders
3. Local authority involvement is required as part of the process – e.g. by developing and implementing related policy in their role as statutory planning, transport, waste and housing authorities, consenting for new development, or the enforcement of building regulations and other standards
4. Local authorities are the principal delivery agents – e.g. delivering measures within their own estate, fleets and services, running innovation projects or business support programmes

'Local authorities' refers to all tiers of local council (e.g. district, borough or county), and combined authorities. Local authorities will always be involved to some extent with local area planning, granting planning permission, local infrastructure, waste management and public spaces, including parks and woodland. For the purpose of this exercise Local Economic Partnerships and communities and parish councils are also in scope. Please select the option that best applies from the dropdown list.

For the devolved competency, we understand that this may not always be immediately clear to policy teams; again we are asking for best assessments to help us triage areas where our dependency on DA delivery is likely to be greatest. If the main policy action is reserved but we need devolved enabling policy to complement the actions UKG is taking, you should reflect that in the enablers section (further down).

## *Geographical scope*

In previous commissions we only asked for scalers in order to scale up policy savings delivered at a sub-national level (e.g. England-only/ England&Wales/ GB) to the UK level. Beginning with this commission, we are asking for a percentage estimate of the emission savings split by nation to help us understand whether our assumptions are broadly in line with publications DAs are releasing. If the evidence base for the scalers used previously are still relevant, it is fine to just use that in allocating savings to nations.

Note that emissions entered on tab '2. Emissions by GHG' should be scaled to UK level except in cases we agree this can't be done (e.g. - it was not done in the NZS)

## *Stage of policy development*

Please select the current stage of development that best describes your policies referring to the definitions below. These follow a progression from early thinking to implemented policy that is delivering savings. These granular categories will typically be grouped as follows:

- **Developed policies** are policies that received funding in SR21, in legislation, adopted, implemented. Some savings will require further funding at future SRs.
- **Designed policies** are currently in design or subject to consultation with key decisions still to be made. A small number of these will have received funding at the SR21.
- **Early-stage policies** are all policies that reflect high level ambitions with little substantial policy development currently in place.

Aggregate categories	Categories in Template A	Definition
Developed policies	Implemented	Includes policies that have been implemented.
	Adopted	Includes policies that have been adopted.
	Legislation	Includes policies approaching legislation.
Designed policies	Consultation	Includes policies approaching final consultation covering all savings.
	Design	Includes policies that are being actively developed, also covering policies with a consultation planned over CB4.
Early stage policies	Exploratory stage policies	Includes savings beyond what designed policies are expected to deliver. Will require key strategic direction to be confirmed on either timeline or deployments. These savings may be aligned to publicly announced high level targets.

	Technical modelling	Includes policies that reflect modelled potential necessary for meeting the sector's effort shares.
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### Other enabling policy

#### Dependence on SKILLS, FINANCE, INNOVATION and ENABLING DEVOLVED policy

Please provide an indicative rating assessing the level of dependence of your policy on key enabling policy, as set out in the Net Zero Strategy. If any of these levers are held by DAs, please indicate this in the final question, answering with respect to the most important levers.

### Tab 2 Emissions by GHG

This tab captures annual information on greenhouse gas emission savings for each Carbon Budgets ID. Please specify the NZS sector and subsectors the savings belongs to and whether emissions savings should be allocated to the traded (i.e. UK ETS) or non-traded sector. Policy lines should be split where their savings affect multiple NZS sectors.

A key aim of this commission is to understand changes to emissions following publication of the NZS. We recognise that policies are at very different stages of development, and therefore teams should make any updates as follows:

- For more developed policies, you should update savings to reflect any a) delay to policy timeline, e.g. consultation pushed back, b) policy design/funding changes which reduce ambition, c) external factors which impact key assumptions linked to deployment, e.g. technology costs.
- For earlier-stage policies, you should update carbon savings only where the assessment of technical feasibility has changed.

Savings are to be provided in MtCO<sub>2</sub>e, using AR5 without feedback Global Warming Potentials (GWPs), adopted by the international community at COP26. This will only change your overall savings/emissions if they include non-CO<sub>2</sub> effects. Whilst the Green Book guidance has not yet been updated, AR5 without feedback savings can be computed from AR4 savings using the conversion factors in Table 5 of the [2020 Greenhouse Gas Inventory statistical release](#). Please split savings by gas wherever non-CO<sub>2</sub> savings are non-negligible.

The counterfactual that savings are assessed against will be updated to EEP2021-40. **Please ensure you remove the modelled savings of any policies which have been submitted to the EEP team for inclusion in their commission earlier this year, but continue including in your return the assumed 'DA' potential associated with these policies and which has been captured to date via 'scaling factors'**. If you are in doubt, please contact the Carbon Budget team as soon as possible.

### Tab 3 Energy balance impacts

To understand interactions between a given policy and the wider energy system, we need to capture changes in energy and fuel demand. These energy demands will ultimately be used to calibrate supply side emissions to the level of demand in end-use sectors.

If you hold more granular information than is set out in the tab, please contact us as we would likely be interested in the lowest level of information possible.

Please provide numbers in terms of TWh. A **positive number** represents **energy savings**, i.e. a reduction in demand. A **negative** number an **increase** in energy demand (or dis-savings).

Energy demands are important for us as part of our quality assurance to maintain internal consistency between, deployment metrics, abatement and energy demands.

## Tab 4 Costs

We will not be asking sector teams to provide a full cost update as part of this commission. In template A, this tab has therefore been greyed out.

We will separately ask for some information on capital costs as part of our commission ahead of the Green Finance Strategy.

## Tab 5 Metrics

This tab collects deployment assumptions that were used in our Net Zero Strategy. Deployment assumptions illustrate some of the real-world impacts underpinning the emission pathways. These were provided at sector level for the mid-point years of each carbon budgets. The figures are to be interpreted illustratively and not necessarily as government targets.

These assumptions will need to be reviewed and updated where necessary, and will be published as part of our Court Order Response. Please therefore **include a deployment series for each assumption at least up to 2037 in line with carbon savings**. Please specify the unit used and a potential scaler in case deployment is not at UK level.

As part of our Court Order Response, we will need to publish updated deployment assumptions. Please therefore provide deployment assumptions that are consistent with your sectors projected carbon savings. We will engage with teams in the new year to understand any changes relative to deployment assumptions provided in the NZS (pp 325-7).

## Tab 6 Milestones

This tab captures new information on policy-level milestones and RAG ratings to reflect progress against these. Collecting this information will allow the NZS Directorate to continue to track progress across the NZS policy portfolio and help identify where we can work across government to maintain ambition and mitigate risks.

**Policy characteristics.** This collects policy IDs and policy descriptions (where specifically requested). Please keep returns consistent with tab 1.

### Policy-level RAG ratings. [Important update for December commission]

This section captures a policy level assessment of the confidence of delivering the carbon savings to the same level of ambition and timelines assumed by the projected carbon savings. (n.b. if a policy does not have projected carbon savings then please provide the RAG rating on the basis of delivering the policy to the expected timelines assumed in your policy portfolio). Please refer to table 3 below for guidance on selecting RAG ratings.

To meet the Court Judgment, we require **additional narrative detail** in this commission to support your carbon delivery confidence ratings at policy level. For all policies, this should:

- Clearly set out any barriers to delivery i.e. technical, political, funding, resourcing, etc.
- Provide an estimate of the impact these barriers have in the delivery of the projected savings, focusing on the impact on timing of delivery and effect on total carbon emissions delivered.

If your policy is rated Red, Amber/Red or Amber this should also:

- Explain why Ministers can still treat these projected savings as deliverable by setting out detail on a timebound ‘return to Green plan’ or mitigating actions and the expected impact on projected savings and delivery confidence. The lower the confidence rating and the higher the projected carbon savings the more detail is required.

This is important because the Minister will need to have confidence that the package of policies and proposals will enable carbon budgets to be met, and how delivery risks will be mitigated.

We have included below two examples of how this guidance could be applied:

#### **Example 2: for a Green/Amber Green policy**

Green Gas (for illustrative purposes only, not accurate)

*Clearly set out the barriers to delivery:* Work progressing well on Mid-Scheme Review and future of biomethane strategy. Amber Green due to possibility of lower than expected Green Gas deployment in years 1 & 2 due X, Y and Z factors.

*Provide an estimate of the impact these barriers have in the delivery of the projected savings:* Despite possible delays, projected emissions savings are likely to be delivered.

#### **Example 2: for a Red, Amber/Red or Amber Policy:**

Biomass (for illustrative purposes only, not accurate)

*Clearly set out the barriers to delivery:* No funding was secured at SR21.

*Provide an estimate of the impact these barriers have in the delivery of the projected savings:* This means that all savings have been pushed back, and the longer term for Biomass savings are more at risk. Delivering the projected savings is still possible and is dependent on future demand for domestically sourced biomass and the outcome of the Biomass Strategy.

*Explain why Ministers can still treat these projected savings as deliverable/set out a timebound ‘return to green’ plan:* Continued engagement with BEIS through Biomass Strategy process required to obtain agreement on demand for biomass, and therefore the upscaling required. Further work is also required to test the feasibility of the biomass deployment metrics that underpin these figures. Provided these mitigations are delivered within X timeframe, delivery of these savings projections, although difficult remain possible to achieve

**Table 3**

Rating	Confidence	Description
5 – Green	Very high degree of confidence	Successful delivery of projected carbon emission savings (as per most recent assessment for tab1) appears likely ( <b>very high degree of confidence</b> ) and there are no major outstanding issues that at this stage appear to threaten delivery of carbon targets.
4 - Amber / Green	High degree of confidence	Successful delivery of projected carbon emission savings (as per most recent assessment for tab1) appears probable ( <b>high degree of confidence</b> ); however, there are potential risks. Continual monitoring required to ensure this does not materialise into wider

		issues threatening overall delivery of projected carbon savings.
3 – Amber	Medium degree of confidence	Successful delivery of projected carbon emission savings (as per most recent assessment for tab1) appears feasible ( <b>medium degree of confidence</b> ) but significant issues already exist, requiring attention. These appear resolvable at this stage and if addressed promptly, should not present a under-delivery of projected carbon savings.
2 - Amber / Red	Low degree of confidence	Successful delivery of projected carbon emission savings (as per most recent assessment for tab1) is in doubt ( <b>low degree of confidence</b> ), with major risks or issues apparent, or the policy is at an early stage of development with a need for careful monitoring that we are achieving sufficient progress. Urgent action is needed to ensure these are addressed, but this may still result in under-delivery of carbon savings without mitigating actions.
1 - Red	Very low degree of confidence	Successful delivery of projected carbon emission savings (as per most recent assessment for tab1) appears potentially unachievable ( <b>very low degree of confidence</b> ). There are major issues, which do not currently appear manageable or resolvable, or the policy is at an early stage of development without clarity on how sufficient progress will be made. Significant action will be required to resolve these issues now or in the future, and without this there will be under-delivery of carbon savings, with a need for overall viability to be reassessed.

**Near term milestones.** This section captures key near-term internal/external policy milestones until the end of 2023.

- Please set out key near-term internal/external policy milestones until the end of 2023 . Internal milestones might include milestones such as undertaking options analysis, analysing costs, launching a research project, or presenting advice to Ministers to agree policy options/lead policy options. External milestones are likely to be associated with more developed policies and might include milestones such as launching calls for evidence, consultations, Government responses, laying legislation, etc. Please work with us to provide milestones which will enable us to assess whether a policy and associated savings are at risk of becoming off track. Sector leads will have prepopulated milestones to align with the delivery commission where appropriate.

Please write milestones as follows and be as specific as possible with dates:

- **External - Launch a public consultation on the scope of xyz (x May to x June 2022)**
- **Internal – provide advice to Minister Hands to agree the policy option to announce in the Government response (x July 2022)**
- **External - Publish a government response to the consultation on the scope of xyz (x September 2022).**

If you have shared milestones across several policies please write ‘*same policy milestones as [insert relevant policy ID/s]*’ and then add any additional milestones which are specific to the policy line (i.e. not shared milestones).

To note: We are no longer asking for RAG ratings on near term milestones in an effort to reduce the burden on sector teams.

**Please provide medium-term milestones until May 2024.** Please set out key internal/external policy milestones until May 2024 (please include milestones which have deliverables ahead on/before May 2024 but which have further milestones after this date). Please refer to the above guidance for how to write milestones. Where a policy does not have any milestones before May 2024 please indicate the date action is required to deliver this policy.

**Please identify any milestones which are public facing.** Please identify where there are public facing milestones (i.e. publications, announcements), which are likely to have implications for communications handling. Please refer to the above guidance for how to write milestones.

## Tab Assumptions log

This tab offers space to provide any comments and assumptions, applicable either to specific policies or information provided, or to the return in general. Please provide any comments / assumptions / notes or caveats here in a systematic way, rather than adding notes or comments in the other tabs. In particular, this tab should make clear any matters relevant to analytical assurance (both of the return itself, and for us to be aware of when taking together different returns). For example, please state if the analysis is particularly sensitive to key assumptions or there are any central uncertainties/dependencies not otherwise flagged to us.

## Guidance on completing template B

Template B collects the information required to meet wider legal duties, including requirements under section 10<sup>1</sup> and section 13(3)<sup>2</sup> of the CCA. This information includes: economic, fiscal, and social circumstances (including fuel poverty) as well as wider impacts on energy policy, and the different circumstances across England, Wales, Scotland and Northern Ireland.

We must also continue to ensure compliance with our Public Sector Equality duties under the Equality Act. This template also collects this information.

The information collected in Template B must cover all policies and proposals covered in Templates A and C, including new policies and enablers.

Policies are “packaged” together in template B. For both sections, we recommend you evaluate policy packages to make the assessment simpler and more efficient. Where you have new policies in Template A or Template C, you should attribute policies to existing policy packages or create new ones. Policies are bundled together based on returns you and your team provided for us previously (in August and in Summer 2021).

<sup>1</sup> A summary of the matters to be taken into account for carbon budgets.

<sup>2</sup> Proposals and policies to meet carbon budget, taken as a whole, must be such as to contribute to sustainable development.

If you are responsible for enabling policies<sup>3</sup>, we suggest that you “package” all policies together for ease of completing this section. Enabling policies only need to be assessed at an aggregate level to meet out legal requirements under the CCA.

Information gathered in template B will not be published, but will be required when providing advice to ministers on meeting our carbon budgets.

### i. Wider impacts (S10 of CCA)

Much of what we need for this area is captured already in template B, and we have prepopulated the template with your previous responses (in “policy package” tabs).

We have adjusted the template from that you have seen previously by removing “scoring” of policy impacts and deprioritising rows which we are not proposing to draw on for the new s14 report. We will use any updates you make to better understand the shape of your policies, but if (as is often the case) template A is sufficient, you do not need to update them.

You should:

- make any updates in red text so we can clearly identify them, flagging any regrouping of policies on the cover tab
- Where a question does not apply to your policy package, please state this.
- *For sector teams only:* ensure that policies assumed within the EEP baseline for your sectors are covered by the information provided, either by adding a new tab or by indicating which tab we should use to interpret these EEP policies.

### ii. Public Sector Equality Duty

We will also undertake a fresh PSED assessment as part of this work.

We have prepopulated returns with PSED assessments provided by your teams at the time of the Net Zero Strategy (and since updated by your teams). Please complete the PSED Impacts tab of template B only for those policies and proposals (or packages thereof) that have changed from your last commission. If there are no changes, please confirm that your previous returns remain up to date.

The PSED legally obliges us to give due regard to the impacts of commitments in climate policymaking on groups with protected characteristics (such as race, disability, age, gender, or religious beliefs).

There are three limbs to the PSED to which we must give due regard when assessing the impact of the commitments in the NZS:

1. Eliminate unlawful discrimination, harassment, and/or victimisation,
2. Advance equality of opportunity between people who share a particular protected characteristic and people who do not share them,
3. Foster good relations between people who share a particular protected characteristic and people who do not share it.

<sup>3</sup> Enabling policies were in the following Net Zero Strategy chapters: green jobs and skills; green investment; innovation; embedding net zero in government; local climate action; green choices (public and business); international climate action.

More information on the PSED, including who is protected by it, can be found [here](#).

Where your policy package has significant impacts against any one of these three limbs, you should include a short narrative description of those impacts. If no impacts have been found, please state this. Where sufficient evidence is not yet be available, or where a summary may be conditional on future policy decisions (e.g. the eventual financing mechanism) you need only state that the impacts are currently unknown. You can summarise existing equality impact assessments providing they are up to date.

### **iii. Sustainable Development & Natural Capital (S13(3) of CCA)**

The CCA requires all proposals and policies to contribute to sustainable development. Sustainable development concerns the stability and prosperity of society, and its capacity to provide for future generations. This incorporates social, economic, and environmental dimensions of sustainability.

The impacts of the transition to net zero on society will generally be captured in your answers to other questions, but you should add any further detail relevant to natural capital where necessary.

We will complete an assessment of the transition's impact on the continuation and improvement of environmental functions, and stability and renewal of natural assets. In line with HM Treasury Green Book, a natural capital perspective is taken to analyse these implications. More information on the natural capital approach can be found in the Green Book supplementary guidance and Defra's "Enabling a Natural Capital Approach" resource.

Template B has been prepopulated with the information you've previously provided on these factors, (also in "policy package" tabs) and ensuring these are up to date for any policies or proposals (or packages thereof) should be sufficient. If there are no changes, please confirm that your previous returns remain relevant.

As policies are developed and enter delivery, we need to consider our other legally binding environmental commitments (for example, targets stemming from the 25 Year Environment Plan or air quality ceilings). Any trade-offs against these should be acknowledged and our approach to mitigation set explained in your return.

## **Guidance on completing template C**

**Please ensure that all templates are SCS cleared before you return them back to us. New policies included in template C do not require ministerial clearance at this stage.**

This is a new template in this commission. The information collected here will be critical to respond to the Court Judgment around the Net Zero Strategy, and developing the section 13 advice for BEIS SoS, so that he can satisfy himself that he has a package of policies and proposals to enable carbon budgets to be met: including delivery risks for all policies and unquantified policies. Your responses will also be used to respond to the Skidmore Review into net zero.

**Template A and Template C taken together should meet (or if possible exceed) sector 'effort shares' on emission savings agreed at the time of the Net Zero Strategy.**

### **What to include in Template C?**

Please include in Template C:

- **Existing unquantified policies (including ‘enabler’ policies).** We have pre-populated this from a list constructed at the time of the Net Zero Strategy - please do amend and update, including adding in detail of any new policies not included in the list.
- **Skidmore Review recommendations** and your initial assessment of these - these do not have to be cleared with ministers at this stage. Please include all Skidmore recommendations relevant to your sector (even if they build on policies within your existing policy pipeline).
- **Any other new policies and proposals** that could be used to close gaps to effort shares, or go beyond effort shares. These also do not need to be cleared with ministers at this stage.

#### Quantifiable policies and interaction with Template A

If any of these policies can be quantified at this stage please include them in, and fully complete, Template C but **add details of quantification as a new row to Template A** so that we can capture quantified information.

#### Detail on early-stage policies

We understand that some of these policies may be, by their nature, at an early stage of development and so there may be less information available. Even so, please endeavour to provide as much detail as possible as - especially in cases where we are relying on unquantified policies to achieve effort shares - we will need to provide a full explanation of how we expect these policies to make up the additional carbon savings (even if these cannot be quantified at this stage), including any delivery risks.

## Additional guidance on specific fields

Below we have provided short guidance for sections which require additional explanation. For the remaining sections, a short description is provided directly on row 3 of the spreadsheet. Best practice completion notes are included in the ‘cover’ tab.

### **Column A: Policy ID**

Where you add in new policies, you will need to create a unique “ID” for that policy. This helps us distinguish between policies in our analysis according to whether it is (a) a new policy or an existing one and (b) an “enabling” policy or one that delivers additional carbon savings.

We must also track whether policies are proposed in response to the Net Zero Review led by Chris Skidmore. For Skidmore recommendations which build on an existing policy (with an existing policy ID) please create a new ID using the guidance below, but clearly reference the existing policy ID in column G (if it delivers additional carbon savings) or I (if it does not deliver additional carbon savings).

Unique IDs have already been attributed to “enabler” policies agreed at the time of the NZS.

Where you need to assign a new policy an ID, please follow the below instructions:

4. If your measure is a new policy which directly delivers emission savings, please refer to it using the below method: CG-“NZS sector”-“unique number”.
  - a. For example, a new policy that reduces emissions in car manufacturing processes would be in the Industry sector and would have a code: CG-Industry-01

5. If your measure is a response to a recommendation set out in the Skidmore Review, please use a code of: NZR-“NZS sector”-“unique number”.
  - a. For example, a new policy that reduces agricultural emission would have a code: “NZR-agriculture-01”
  - b. If your policy is a response to the Skidmore Review *and* directly leads to additional emission savings, please indicate so in column F and add the policy into Template A. You should use the “NZR”, not “CG” code format.
6. If your measure is new and does not directly generate emission savings, then it is classified as an “enabling” policy. Please use a code of E-“NZS chapter”-“unique number”
  - a. For example, “E-Investment-01” or “E-embedding-01”

### **Column G: Explanation of how additional carbon savings could be achieved**

If we expect policies to deliver additional carbon savings, we will need to demonstrate clearly to the BEIS Secretary of State how this can be achieved. You should include in this section:

- A clear explanation of the mechanism by which additional carbon savings could be achieved.
- Any links to other policies: for example, if this proposal could accelerate or extend the savings achieved on an existing policy, please make this clear and include policy IDs where possible.
- Where possible, indicative figures may be helpful to include, for example if we are able to give a sense of scale of the level of additional savings likely to be possible.

### **Column I: Role in Carbon Budget delivery**

This is to inform BEIS SoS of the importance of this policy to the net zero system and how the policy helps to meet our Carbon Budget targets through to CB6.

- Please provide a qualitative explanation of the importance of this policy to the net zero system and delivery of Carbon Budget targets through to CB6.
- You should also include any impact on other quantified policies (e.g. what does it unlock, what else depends on it, whether it strengthens delivery confidence of other P&Ps etc).
- Where possible, please also include the relevant policy IDs for impacted policies.

### **Columns G-I: Meaning of ‘Policy ID’**

Where columns G-I ask for Policy IDs to be provided for any existing policies that may be affected (e.g. policies in your current pipeline that may be accelerated/de-risked by the policy), please provide matching Policy IDs to those used in the quarterly policy commission.

If the policy can be quantified, please add this into Template A as a new row and indicate in column H that this has been included in Template A (Yes/No).

### **Column K: Rationale if unquantified**

This is to provide an audit trail for why the policy is not able to be quantified – which is important for legal compliance with our s13 and s14 duties.

- Please provide an explanation of why the policy cannot be quantified. If a cross-cutting enabler, please consult analytical colleagues to provide a robust assessment.
- If you think that the policy could be quantified even with some uncertainty, then please provide further details in Column J.

### **Columns N-R: Delivery Risks**

This is to understand the delivery confidence of policies in order to allow BEIS SoS to sufficiently assess delivery risk and how it impacts the full package of P&Ps. This is especially important for any policies we are relying on to make up effort shares.

In column N, please refer to Table 1 below for further detail on RAG criteria.

For new policies, please provide an indicative rating with explanatory detail in column O (this can be a very initial assessment of deliverability).

In column O, please set out narrative to support your RAG rating position.

This should:

- Clearly set out any barriers to delivery i.e. technical, political, funding, resourcing, etc.
- Provide an estimate of the impact these barriers have in the delivery of the projected savings.
- For policies with high/very high delivery confidence or delivering small amounts of carbon savings, less detail is required.
- *Responses should be restricted to a maximum of 150 words.*

In column P - if your policy is rated Red or Amber/Red – please set out detail on a timebound ‘return to Green plan’ or mitigating actions to derisk delivery.

**Table 4 - RAG guidance**

<b>Rating</b>	<b>Confidence</b>	<b>Description</b>
5 – Green	Very high degree of confidence	Successful delivery of carbon emission savings appears likely ( <b>very high degree of confidence</b> ) and there are no major outstanding issues that at this stage appear to threaten delivery of carbon targets.
4 - Amber / Green	High degree of confidence	Successful delivery of carbon emission savings appears probable ( <b>high degree of confidence</b> ); however, there are potential risks. Continual monitoring required to ensure this does not materialise into wider issues threatening overall delivery of projected carbon savings.
3 – Amber	Medium degree of confidence	Successful delivery of projected carbon emission savings (as per most recent assessment for tab1) appears feasible ( <b>medium degree of confidence</b> ) but significant issues already exist, requiring attention. These appear resolvable at this stage and if addressed promptly, should not present a under-delivery of projected carbon savings.
2 - Amber / Red	Low degree of confidence	Successful delivery of carbon emission savings is in doubt ( <b>low degree of confidence</b> ), with major risks or issues apparent, or the policy is at an early stage of development with a need for careful monitoring that we are achieving sufficient progress. Urgent action is needed to ensure these are addressed, but this may still result in under-delivery of carbon savings without mitigating actions.

1 - Red	Very low degree of confidence	Successful delivery of projected carbon emission savings appears potentially unachievable ( <b>very low degree of confidence</b> ). There are major issues, which do not currently appear manageable or resolvable, or the policy is at an early stage of development without clarity on how sufficient progress will be made. Significant action will be required to resolve these issues now or in the future, and without this there will be under-delivery of carbon savings, with a need for overall viability to be reassessed.
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### **Column Q: Agreement Status**

This is to enable us to differentiate between existing or accepted policies, and those which require further ministerial sign-off. This is especially important if policies are being relied upon to meet effort shares.

### **Additional: Skidmore Review recommendations**

**Please only complete this section if the policy is a recommendation from the Net Zero Review led by Chris Skidmore. Please include all Skidmore recommendations relevant to your sector (even if they build on policies within your existing policy pipeline).**

We plan on running a complimentary process alongside meetings of the Domestic and Economic Affairs Committee on Energy, Climate and Net Zero (DEACNZ) to engage across government to line-up and agree our position on the individual recommendations from the Skidmore review. To support this, we would like you to provide an indicative ‘minded to’ view on whether you consider your Minister would be in a position to accept individual Skidmore recommendations, including what further actions or commitments would be required across government to accept the recommendation in the government response in March.

We anticipate the need to engage with your teams on this section in advance of the formal commission deadline on 25<sup>th</sup> January.

To note, we are aware that several Skidmore Review recommendations reflect policy action which you already anticipated as part of your existing policy pipeline listed in template A. In this scenario, if the Skidmore recommendation is not expected to deliver additional carbon savings, or improve delivery confidence of your existing policy package, then please write ‘n/a – *Skidmore recommendation already in existing policy package pipeline*’ and note the relevant policy IDs from template A in columns G and I.

### **Column S: Please indicate whether you are minded to accept this recommendation**

Please select from the drop-down list whether you are willing to accept the recommendation in full, with caveats or whether you cannot accept the recommendation – and select whether this position has been tested with Ministers.

***Column T: Please provide further detail, including any actions or commitments that would be required to accept the recommendation***

Please set-out what further actions or commitments would be required to accept the recommendation in the final government response, published in May. For example, set out whether the recommendation requires additional capital or resource funding, primary or secondary legislation, action/agreement from third parties, or a refreshed political mandate to act.