
UK WORKING ON POST-BREXIT CARBON TRADING SCHEME - MINISTER

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LONDON (Reuters) - Britain is working to establish a domestic carbon emissions trading system (ETS) post Brexit which it hopes will link to the existing EU scheme from January 2021, energy minister Claire Perry told members of parliament's upper house on Wednesday.

Putting a price on carbon dioxide emissions is one of the government's major policies to help meet a legally binding target to cut emissions of harmful greenhouse gases by 80 percent from 1990 levels by 2050.

Britain is the second-largest emitter of greenhouse gases in Europe and its utilities and industry are among the largest buyers of permits in Europe's ETS, which charges power plants and factories for every tonne of carbon dioxide (CO₂) they emit.

If Britain leaves the European Union with a deal it intends to stay in the EU ETS until the end of the current trading phase at the end of 2020, Perry said.

From 2021 the preference would then be for Britain to have its own scheme which links with Europe's ETS, she said.

Formal discussions on linking have not yet started, but Perry said she was confident an agreement would be reached.

"The EU wants us to be included in this as we are a big provider of liquidity," she said.

The government will launch a consultation on its plans in April and will work on setting up the necessary systems for a domestic scheme to start from January 2021, Perry said.

In the short term, under a no deal scenario the government said in October it would introduce a further emissions tax set at £16 pounds a tonne, payable by stationary installations currently in the EU ETS, from April 1, 2019.

The tax could eventually be replaced by a trading scheme in the event of a no deal Brexit, Perry said, although linking it with the EU scheme would be less likely.