

10 January 2020
Our ref: FOI161019

Dear

Re: Freedom of Information Request on the Environmental Levies Forecast

Thank you for your request for information under the Freedom of Information Act. Please accept our apologies for the long delay in replying to your request. You requested the following:

I would like to see the underlying calculations for the projections in this table (Table 2.7 of the spreadsheet 'Economic and fiscal outlook – supplementary tables: receipts and other' on the subject of environmental levies)

- *I would like the calculations for the most recent edition of the publication i.e. March 2019 or October 2019.*

We do not hold the information that you have requested. The models that generate the environmental levies forecast (and have the detailed calculations) are held by the Department for Business, Energy and Industrial Strategy (BEIS).

The models that underpin our fiscal forecast are typically owned and maintained by other parts of government that are responsible for administering the element of tax or spending. As outlined in paragraphs 4.30 and 4.31 of the OBR's 2017 Forecast Evaluation Report (FER), in many cases, it is not possible for departments to open up the full model for the OBR to scrutinise. For example, in the case of the Contracts for Difference (CfD) forecast, this is built up by BEIS on a project-by-project basis. This allows for more accuracy in terms of commissioning dates and ramping-up profiles for particular projects. Much of this information would be commercially sensitive. The CfD forecast would then use BEIS forecasts of wholesale electricity prices.

https://obr.uk/docs/dlm_uploads/Forecast-Evaluation-Report-2017_Web-Accessible.pdf

As we note in the FER, in cases that we do not have access to the full model, we would aim to get as close as possible understanding of the workings of the model. For example, for the CfD forecast, we would want to scrutinise and challenge how the forecast had changed since the last fiscal forecast. This would include:

- Looking at any changes to the wholesale electricity price projection e.g. are these consistent with recent movements in oil and gas prices.
- The inclusion of policy changes e.g. the likely cost from announced CfD auction rounds.
- Any changes to start dates and project capacities which could affect the profile of CfD spending.
- Consistency of the nominal CfD forecast with the OBR's forecast for inflation.

If you have any other queries about this letter, please send them to our enquiries inbox at obr.enquiries@obr.uk.

Yours sincerely

Freedom of Information Unit
Office for Budget Responsibility

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Your right to complain under the Freedom of Information Act 2000

If you are not happy with this reply, you may request a review by writing to OBR Enquiries, Office for Budget Responsibility, 14T, 102 Petty France, London SW1H 9AJ or by email to obr.enquiries@obr.uk.

Any review request must be made within 2 months of the date of this letter.

It would assist our review if you set out which aspects of the reply concern you and why you are dissatisfied.

If you are not content with the outcome your complaint, you may apply directly to the Information Commissioner for a decision. Generally, the ICO cannot make a decision unless you have exhausted the complaints procedure provided by the OBR. The Information Commissioner can be contacted at: The Information Commissioner's Office, Wycliffe House, Water Lane, Wilmslow, Cheshire SK9 5AF.