

1 December 2022

Supplementary forecast information release

Carbon price forecast assumption

- 1.1 The OBR is releasing this information following a request for further detail on the forecasts presented in our November 2022 *Economic and fiscal outlook (EFO)*. We will, as far as possible, meet any requests to release supplementary forecast information where this will improve the quality of public debate on the public finances. Our full release policy is available on our website.
- 1.2 The Government operates a cap-and-trade scheme in respect of emissions from particular sectors, the UK Emissions Trading Scheme. Revenues from the scheme depend on the volume of allowances auctioned and the carbon price. Our projection for the carbon price is based on market expectations embodied in futures prices traded on the Intercontinental Exchange (ICE). Specifically, for this forecast, we used futures prices up to December 2023, beyond which carbon prices were assumed to remain flat in cash terms.
- 1.3 For the November 2022 *EFO*, we used the average of carbon price futures for the 10 days to 12 October. Following this release, in future *EFOs* we will add carbon prices to the determinants that we publish in the *EFO* and supplementary tables on our website.

Table 1.1: Carbon price assumptions: November 2022 forecast

	£ per tonne of CO ₂						
	Outturn	Forecast					
		2021	2022	2023	2024	2025	2026
Carbon price	68.6	73.3	79.1	79.1	79.1	79.1	79.1