

21 November 2024

Supplementary forecast information release

Emissions trading scheme carbon price forecast

- 1.1 The OBR is releasing this information following a request for further detail in respect of the carbon price assumptions used in our October 2024 *Economic and fiscal outlook (EFO)*. This is an update to our previous supplementary release on this topic.¹ 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 (ETS). Revenues from this scheme depend on the volume of allowances auctioned, and the carbon price paid for these allowances.
- 1.3 Our projection for the carbon price is based on futures prices traded on the Intercontinental Exchange (ICE). For this forecast, we used futures prices up to December 2025, beyond which carbon prices are assumed to remain flat in cash terms. To obtain the futures prices, we used the average of carbon price futures for the 10 working days to 12 September.

Table 1.1: Carbon price assumptions: October 2024 forecast

	£ per tonne of CO ₂								
	Outturn			Forecast					
	2021	2022	2023	2024	2025	2026	2027	2028	2029
Carbon price	68.6	73.3	42.6	42.4	44.5	44.5	44.5	44.5	44.5

¹ We previously published our carbon price forecast in December 2022, based on the forecast in our November 2022 *EFO*. See: *Supplementary forecast information release: Carbon price assumptions*.