

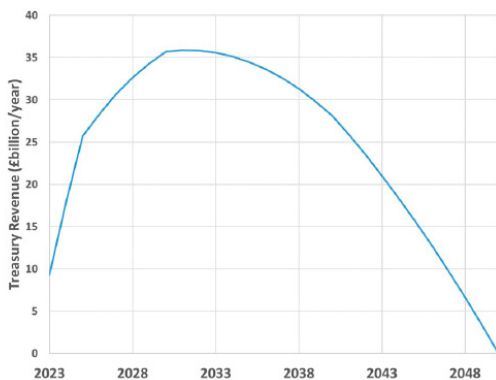
Carbon Pricing and the Cost of Living Crisis

About Our Study

CCL -UK modelled a carbon-price at the level suggested by the International Energy Agency

Taxing the products, rather than the profits, of fossil-fuel firms allows financially sustainable support for household energy bills whilst, simultaneously, tackling climate change.

Carbon pricing is financially sustainable



Projected treasury income from Carbon Pricing (above).

The impact on fuel poverty would be similar to the one-off interventions made by the UK government in 2022. However, as there is no net cost to the Treasury, the support package would be financially sustainable.



[Download the report](#)

What people are saying

“If energy prices remain high, or rise even further, it may turn out hard to ensure these changes are genuinely temporary” – Institute of Fiscal Studies response to the government’s cost of living support package.

“It may seem counterintuitive to use a tax on energy to reduce fuel poverty but the numbers stack up” – CCL -UK report on Carbon Pricing and the Cost of Living Crisis.

“[E]nergy-bill support, funded by a carbon tax, is a long-term approach to tackling both fuel poverty and climate change” – CCL -UK report on Carbon Pricing and the Cost of Living Crisis.

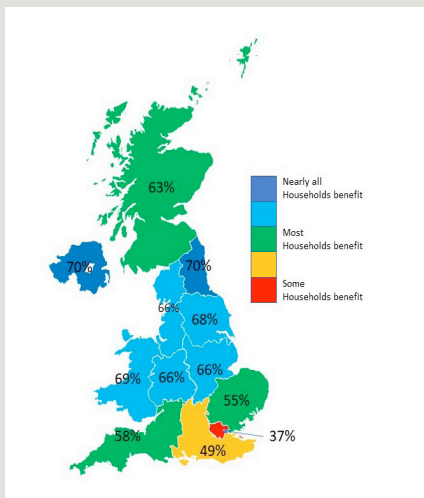


Policy Briefing

Tackling both climate change and fuel poverty

We modelled a carbon-price, at the level suggested by the International Energy Agency as necessary to achieve Net Zero emissions by 2050. We then calculated how much support this would allow households to receive towards their energy bills.

Our modelling shows that the least well-off 10% of households would boost their disposable income by 5-6% whilst the best-off 10% of households would see a 1% decrease.



Regional variation in how many households benefit from the combination of a carbon tax plus uniform energy bills support (above).

Policy Implications

1. A tax levied on fossil fuels would ensure the UK follows the most economically efficient transition to Net Zero by 2050.
2. The revenue from such a tax is sufficient to fund a long-term programme for reducing fuel poverty and levelling up regional economies.

About CCL

CCL originated in 2007 in the US and is now a worldwide civil-society organisation with about 200 000 volunteer members.

Our focus is on people-friendly carbon pricing, i.e. tackling climate change by making the polluter pay whilst protecting those least able to afford the resulting price rises for high-carbon goods.

Our policy is supported by the left-leaning Green Party, the right-leaning Centre for Policy Studies and by 28 Nobel Prize-winning economists. It has also been sympathetically reported in newspapers ranging from The Telegraph to The Guardian.

Any policy with support this broad must have merit, as recognised by the UK government itself in its 2020 response to the consultation on the Future of UK Carbon Pricing.

As a grassroots organisation, CCL-UK is well placed to help promote the environmental, social and economic benefits of carbon pricing and, hence, to accelerate the politically-sustainable introduction of such measures.

Download the report

Contact Us

CCL-UK Policy Team

info@citizensclimatelobby.uk

<https://citizensclimatelobby.uk>

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