

Rethinking Decarbonisation Incentives

Future Carbon Policy for Clean Growth



Energy Systems Catapult's 'Rethinking Decarbonisation Incentives' (RDI) is exploring how UK policies can promote clean growth by taking a 'whole systems' perspective on carbon policy.

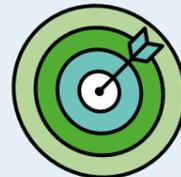
What are we exploring?



How current policies incentivise action to cut emissions in different sectors.



What we can learn from international case studies and examples.



What reforms could improve incentives across the UK economy to cut emissions and promote clean growth.

Why are we doing this project?

The UK has clear targets to reduce carbon emissions, but the economic incentives to do so are complex and changeable. Current policies comprise a combination of different taxes, subsidies, contracts and regulations, which is a long way removed from the textbook ideal of an economy-wide carbon price. The reward for cutting carbon emissions varies across different sectors of the economy and is generally much lower than it needs to be. This makes it very difficult to promote long-term investment and innovation.

What is the gap the project aims to fill?

The government has published a Clean Growth Strategy, but unlike some other jurisdictions around the world (e.g. California and Canada) there is relatively little strategic debate about:

- The broad pattern of economic drivers for decarbonisation.
- How to create an enduring framework for carbon reduction across the whole economy.

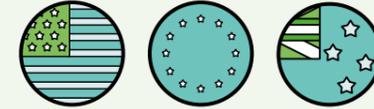
The RDI project aims to fill this gap and stimulate more consideration of the economy-wide framework for carbon reduction and clean growth in the UK.



What have we done so far?



Summarised the current pattern of 'effective carbon prices' in the UK for reducing emissions in different sectors.



Carried out case studies to learn from international experience with decarbonisation policies.



Formulated stylised policy reform options to incentivise emission reductions across the UK economy as a whole.

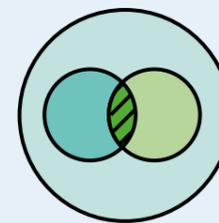
What are the future plans for work in this project?



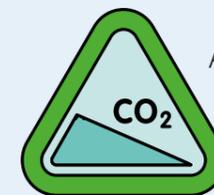
Discuss the consequences that the proposed reform options might have on key sectors in the UK, including Road Transport, Residential Heat, Agriculture, and Industry.



Continue to promote debate and engage with stakeholders.



Determine the impact that alternative pathways have in the context of productivity and Clean Growth/Industrial Strategy.



Assess the available near-term options to address low priced emissions.

Who are we working with?

