Impacts of a carbon tax on different households types in the UK in 2030

1. London

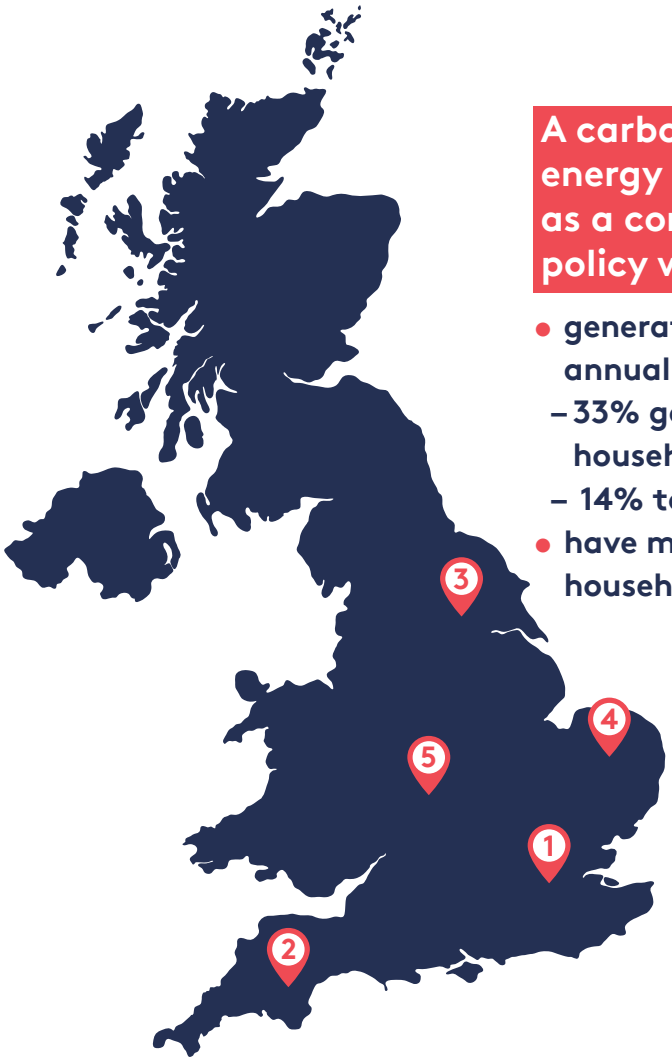
+10%

ENERGY BILLS: Increase by 10% mainly due to energy price rises
COMPENSATION:
CARBON TAX IMPACT: 2 percentage points

2. South West England

+12%

ENERGY BILLS: Increase by 12% solely due to energy price rises
COMPENSATION: None
CARBON TAX IMPACT: None



A carbon tax with energy efficiency as a compensatory policy will:

- generate approx. £5bn annually from 2021–30:
  - 33% goes to fuel-poor households
  - 14% to non-fuel-poor
- have minimal impact on household bills

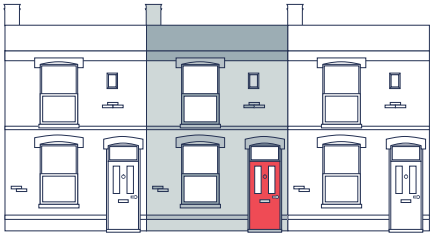
3. Yorkshire and the Humber

FP +2%

Powered by oil and electricity but switches to electric heat pump

ENERGY BILLS: Increase by 2% solely due to oil price rises
COMPENSATION: £+
CARBON TAX IMPACT: None

4. East of England



+10%

ENERGY BILLS: Increase by 10% mainly due to energy price rises
COMPENSATION:
CARBON TAX IMPACT: 7 percentage points

5. West Midlands

FP +7%

ENERGY BILLS: Increase by 7% solely due to energy price rises
COMPENSATION:
CARBON TAX IMPACT: None

KEY

INCOME	OCCUPANCY	FUEL TYPE		+%	£+
Low/Middle/High	No. of people	Electricity/Gas/Oil	Household in FUEL POVERTY	ENERGY BILL Percentage increase	COMPENSATION Energy efficiency/Financial support

We modelled the effect of a carbon tax of £50 per tonne of CO_2 in 2020, rising to £75 in 2030 as recommended in Burke et al. (2019) *How to price carbon to reach net-zero emissions in the UK* (www.lse.ac.uk/GranthamInstitute/publications/)

The five household types are representative of the entire UK and were selected to show variety in terms of income and fuel.