



Department
of Energy &
Climate Change

Updated short-term traded carbon values used for modelling purposes

2 October 2014

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2014 short-term carbon values

The following estimates for EU Allowance (EUA) prices have been used in the latest update to DECC's Energy and Emissions projections¹ and will be used in other models of electricity generation and investment across Government. These are shown graphically in Annex A.

Table 1: DECC's updated traded carbon values for modelling purposes, £/tCO₂e in real 2014 terms

Year	Carbon value
2014	4.48
2015	4.56
2016	4.66
2017	4.78
2018	4.97
2019	5.16
2020	5.35
2021	5.55
2022	5.75
2023	5.97
2024	6.19
2025	6.42
2026	6.66
2027	6.91
2028	7.16
2029	7.43
2030	7.71
2031	13.51
2032	22.52
2033	33.53
2034	48.99
2035	69.87

Note that the 2014 traded carbon modelling values extend to 2035 in line with DECC's 2014 Energy and Emissions Projections modelling.

¹ Report available online at: <https://www.gov.uk/government/publications/updated-energy-and-emissions-projections-2014>

These values are identical to those used for appraisal purposes up to 2020.² Between 2021 and 2030, the values rise at an assumed discount rate of 6% p.a. in nominal terms. Thereafter, these values represent fundamentals-based estimates of EUA prices assuming a continuation of the existing EU ETS cap trajectory. This is justified in the absence of an agreement on the policy mix post-2020. Key uncertainties are around the levels of EU climate and energy targets for 2030 which are currently subject to ongoing negotiations. For modelling purposes, carbon prices need to be consistent with the current legislative framework, as modelling work is partly used to determine the extent to which current legislation is sufficient to drive the required level of decarbonisation.

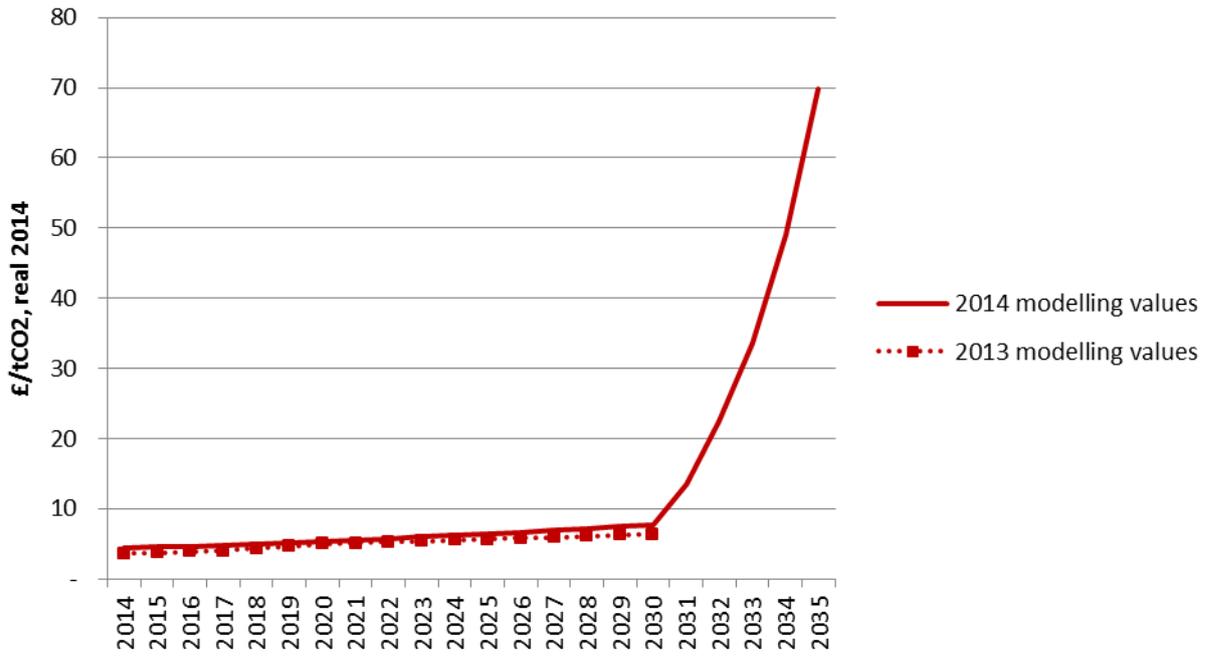
These estimated values should not be considered as “forecasts” of future prices and DECC accepts no responsibility for any liability arising from the use of these figures.

For advice on sensitivity analysis in respect of the modelling values, please contact DECC’s appraisal guidance team at GHGappraisal@decc.gsi.gov.uk .

² DECC’s 2014 updated short-term traded carbon values for policy appraisal purposes can be found here: <https://www.gov.uk/government/publications/updated-short-term-traded-carbon-values-used-for-uk-policy-appraisal-2014>

Annex A

2014 updated short-term traded carbon modelling values



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