



PERSONAL CARBON TRADING – THE MORAL MAZE

The Government's Position

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TOMORROW'S CLIMATE
Today's Challenge[™]

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Food and Rural Affairs

Background

Secretary of State speech to Audit Commission on 19 July 2006 – “in the long term, there may be potential to make a system work, and in a way that is arguably more equitable, more empowering and more effective than the traditional tools of information, tax, and regulation

Centre for Sustainable Energy (CSE) scoping study –
<http://www.defra.gov.uk/environment/climatechange/uk/individual/pca/pdf/pca-scopingstudy.pdf>

CSE scoping study – some of the findings

- By having an overall cap, a PCA could ensure a set reduction in emissions, unlike a carbon tax; and could potentially do so in a fairer way than tax
- A PCA could not work in isolation
- A PCA relies on political will to tighten the cap over time, and on the public having opportunities to cut emissions
- Many questions remain to be answered as to the feasibility and effectiveness of a PCA

What sort of questions?

To understand:-

- Potential public reaction – will they trade? Can they cut emissions?
- How a PCA scheme would compare with other ways of constraining carbon
- How a PCA scheme would relate/interact with other policy instruments
- The market reaction to a PCA scheme e.g. energy, housing, transport
- Technical feasibility and deliverability – how best operated and by whom
- How much a PCA scheme might cost to set up and run
- Equity and distributional impacts – who wins/loses and by how much?

Next steps

- Defra has developed a work programme to provide information on whether or not a personal carbon allowance is a realistic and workable policy option.
- The work programme will address high level questions such as public acceptability, technical feasibility, cost, and interaction with other emissions reduction policy instruments.
- Initial one to two year timescale (but with possible further feasibility work). Government would not introduce a scheme until convinced of its merits, and confident it could be delivered/operational.