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

1. London

- **ENERGY BILLS**: Increase by 10% mainly due to energy price rises
- **COMPENSATION**: None
- **CARBON TAX IMPACT**: 2 percentage points

2. South West England

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

3. Yorkshire and the Humber

- Powered by oil and electricity but switches to electric heat pump
- **ENERGY BILLS**: Increase by 2% solely due to oil price rises
- **COMPENSATION**: None
- **CARBON TAX IMPACT**: None

4. East of England

- **ENERGY BILLS**: Increase by 10% mainly due to energy price rises
- **COMPENSATION**: None
- **CARBON TAX IMPACT**: 7 percentage points

5. West Midlands

- **ENERGY BILLS**: Increase by 7% 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

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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/](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.

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