

Press Release embargoed until 00.01 (GMT) on Wednesday 1st April 2015

Carbon Price Instruments for the Power Sector: Comparing the proposed German policy to the UK

The UK's carbon tax almost doubles today (1-April-2015) from £9.54/tonne to £18.08/tonne, meaning the total carbon price payable by UK power stations hits about €32/tonne, when including the EU ETS price. Germany is also proposing a scheme to bring in carbon pricing additional to the EU ETS.

Sandbag have written an analysis piece comparing the proposed German "Climate Contribution" to the UK's "Carbon Price Floor".

It concludes that the German policy is looking to achieve the same objective in broadly the same way as the UK policy is – i.e. reducing the carbon intensity of the power sector through a carbon price instrument, in order to meet ambitious domestic GHG targets. However, Germany is achieving it with a much lower impact on electricity prices.

The analysis is available to read here in [English](#) or [German](#).

Dave Jones, Sandbag analyst comments: *"The lack of a carbon price in the EU is driving Member States to pursue new policies to tackle their coal addiction with the UK and Germany now both pursuing similar measures. It will be interesting to see which delivers change most cost effectively. The ETS still needs fixing but clearly Member States can and must address their addiction to cheap coal."*

Notes to editors:

- Germany has recently announced a proposal to limit the greenhouse gas emissions in the power sector, by a "climate contribution". It will help bring Germany into line with the UK, which already has a national carbon price policy, the "Carbon Price Floor".
- The increased in the UK carbon price floor to £18.08 was announced in HM Treasury's [2013 Budget](#).
- Sandbag is a London-based not-for-profit climate organisation, specialising in carbon pricing instruments.
- On 1-April, Sandbag will also release a separate press release analysing EU ETS emissions data for 2014. This will summarise the data published from the European Commission website at 1200CEST on 1-April. It is expected to show German lignite becoming an increasing proportion of EU emissions.

Read the full briefing here: <http://www.sandbag.org.uk/reports/>

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