

A landscape photograph showing an industrial area at sunset. In the foreground, there are silhouettes of trees. The middle ground features several tall smokestacks emitting plumes of dark smoke that rise into the sky. In the background, there are rolling hills and several high-voltage power lines stretching across the horizon. The sky is filled with large, golden-brown clouds, and the overall lighting is warm and hazy.

Operationalizing Just Transition in carbon pricing implementation

July 2022



Department for
Business, Energy
& Industrial Strategy

UK ETS

We are exploring opportunities including:

- **Net Zero alignment** – setting the cap trajectory to meet our net zero target.
- **Free Allocation review** – to review possible future changes in a rounded way
- **Scope expansion** - We have committed to explore expanding the UK ETS to the two-thirds of UK emissions not covered
- **Greenhouse Gas Removal**

No revenue recycling envisaged, but complementary policies act to help protect vulnerable groups

Complementary policies – domestic

- £500m Household Support Fund
- Winter fuel payments (up to £300 each)
- Energy bill rebates (£140)
- Climate Change Levy

Complementary policies – industry

- Government of Scotland Just Transition Fund
 - Helps regional economies to diversify
 - Targets business, communities, and individuals
 - Participatory mechanism
- Other measures include:
 - Industrial Energy Transformation Fund;
 - Support for CCS

Internationally

- International Just Transition Declaration (COP26)
- PMI support
- Just Energy Transition Partnerships