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Treatment of carbon in the SEM

The position with regard to the treatment of carbon in the SEM is that the full opportunity cost of carbon will be reflected in the wholesale market price and that there will be no recycling, on an all-island basis, of carbon benefit. This takes account of the need to ensure that the correct economic signals apply in the wholesale market (for investment and for energy efficiency) and the practical limitations, at this point in time, on the application of an all-island recycling solution. Any proposal to implement a levy style solution in the future will be a matter of environmental and energy policy across the two jurisdictions and the ongoing development of the Emissions Trading Scheme at a European level.