

We have written this statement in response to the Government's publication of their policy paper *Valuation of greenhouse gas emissions: for policy appraisal and evaluation* dated 2nd September 2021. (INQ/054)

We refer to the section entitled *How to apply carbon values during policy appraisal* on page 12 of the Policy Paper, and this states:

Carbon valuation is not a policy instrument in itself. It is a £-value applied in appraisal in order to guide government decision-making, and further signal the level of ambition that should be factored into those policies. Unless it is translated into a tangible incentive (and the incentive may exceed the carbon value in order to overcome barriers), it will not act upon private economic agents, whether individuals or business.

Alongside setting the right carbon appraisal value, the selection of instruments to tap potential emissions reduction is key. A mix of carbon pricing (through taxes/trading), regulatory instruments, innovation support and information policies are likely to be required to address the multiple market failures and barriers which exist.

From this it is clear that the Government intends to enact 'a tangible incentive', including carbon pricing and regulatory instruments, any of which will lead to higher air fares and a corresponding reduction in demand for air travel, particularly for the leisure sector.

We refer to Section 5 of Mr Devas' proof (XRE/W3/1) that argues that York Aviation had not given sufficient weight in their three passenger growth scenarios to significant future rises in fuel price, Air Passenger Duty and carbon price.

Air Passenger Duty: YAL's Monte Carlo model that feeds into all three of their scenarios, including their 'Reasonable Worst Case', gives a 70% probability of 'no real change' in Air Passenger Duty from 2020 through to 2040.

Carbon Price: YAL's Central forecast with 75% probability had their carbon price at £20 per tonne for 2021, whereas the actual price reported in the FT on 19th May 2021 was £55 per tonne, and YAL's Central Forecast did not reach this level until 2027.

In our opinion, this Government Policy Paper confirms our argument that the YAL forecasts projecting a 'business as usual' growth from 2024 are far too optimistic and are no longer reliable.

In consequence, while any potential benefits of airport expansion remain uncertain, they are clearly outweighed by the dis-benefits. We therefore respectfully submit that this planning appeal should be dismissed.