Free markets. Real solutions.

Direct Price on Carbon

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Market Failure

- Carbon externality
- Inadequate policy responses
- Price at marginal damages

Design Considerations

- What to price & where to price it
- Coverage vs confidence
- Price trajectory
- Emissions trajectory
- Offsets
- Competing or redundant policies
- Distributional impacts

Design Considerations: Price & Emissions

Study	Price (per metric ton CO_2)	Emissions Reduction
RFF[1]	$45 (2016) increasing 2%/yr	36% by 2030 (2016 baseline)
U.S. EPA[2]	$13 (2015) increasing to $26-$27 (2030)	42% by 2030 (2005 baseline)
REMI/Synapse[3]	$10 (2016) escalating $10/yr	33% by 2025 (2015 baseline)

1. Resources for the Future (2016). Analysis of the American Opportunity Carbon Fee Act of 2015 (S. 1548).
2. U.S. EPA (2009). EPA Analysis of the American Clean Energy and Security Act of 2009 H.R. 2454 in the 111th Congress.
3. REMI and Synapse (2014). The Economic, Climate, Fiscal, Power, and Demographic Impact of a National Fee-and-Dividend Carbon Tax.

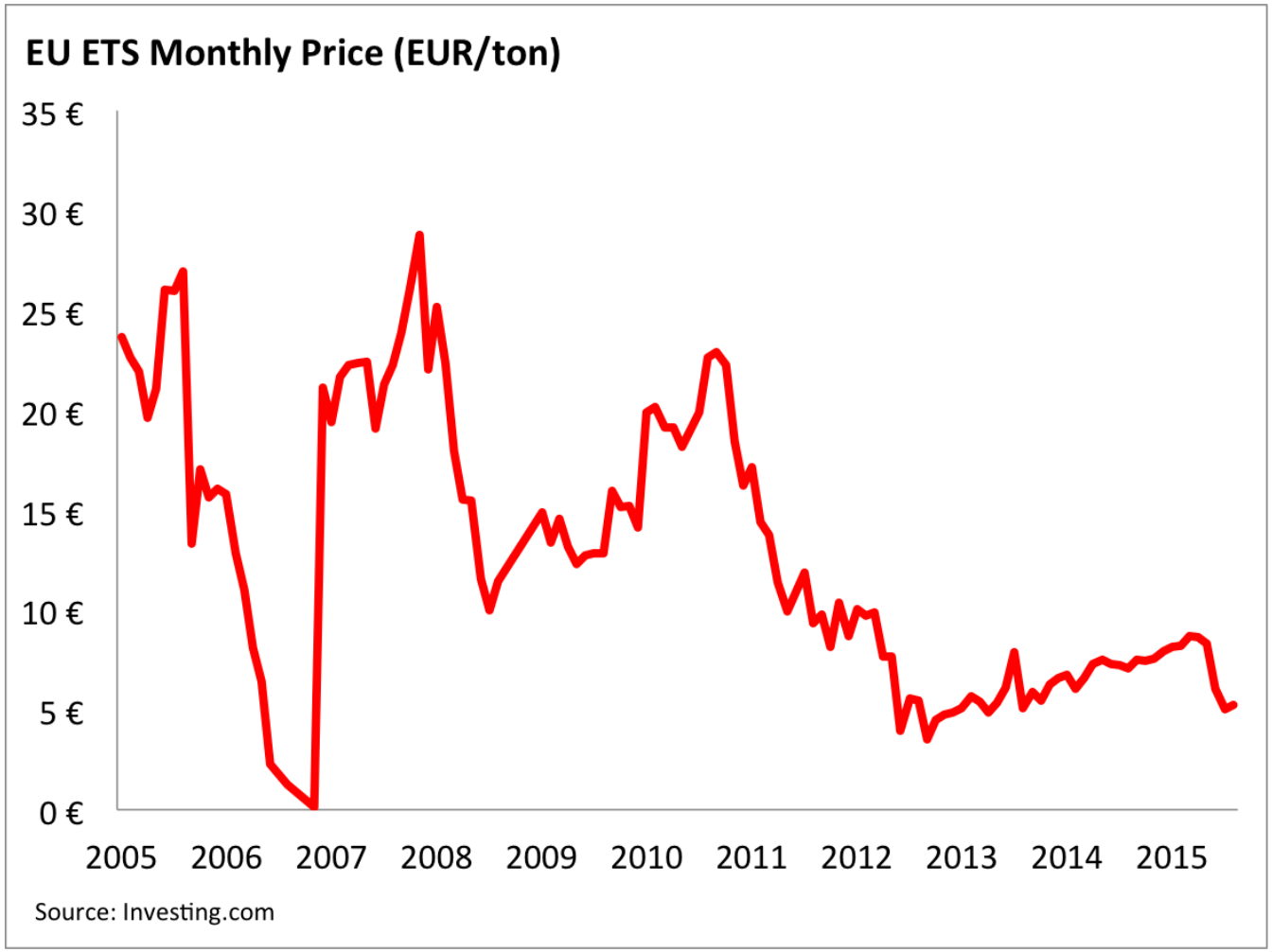
Distinct Advantages

- vs Status Quo
  - Regulatory certainty
  - Price clarity
  - Least-cost reductions
  - Harmonization across sectors
  - Border adjustability
  - Market correction

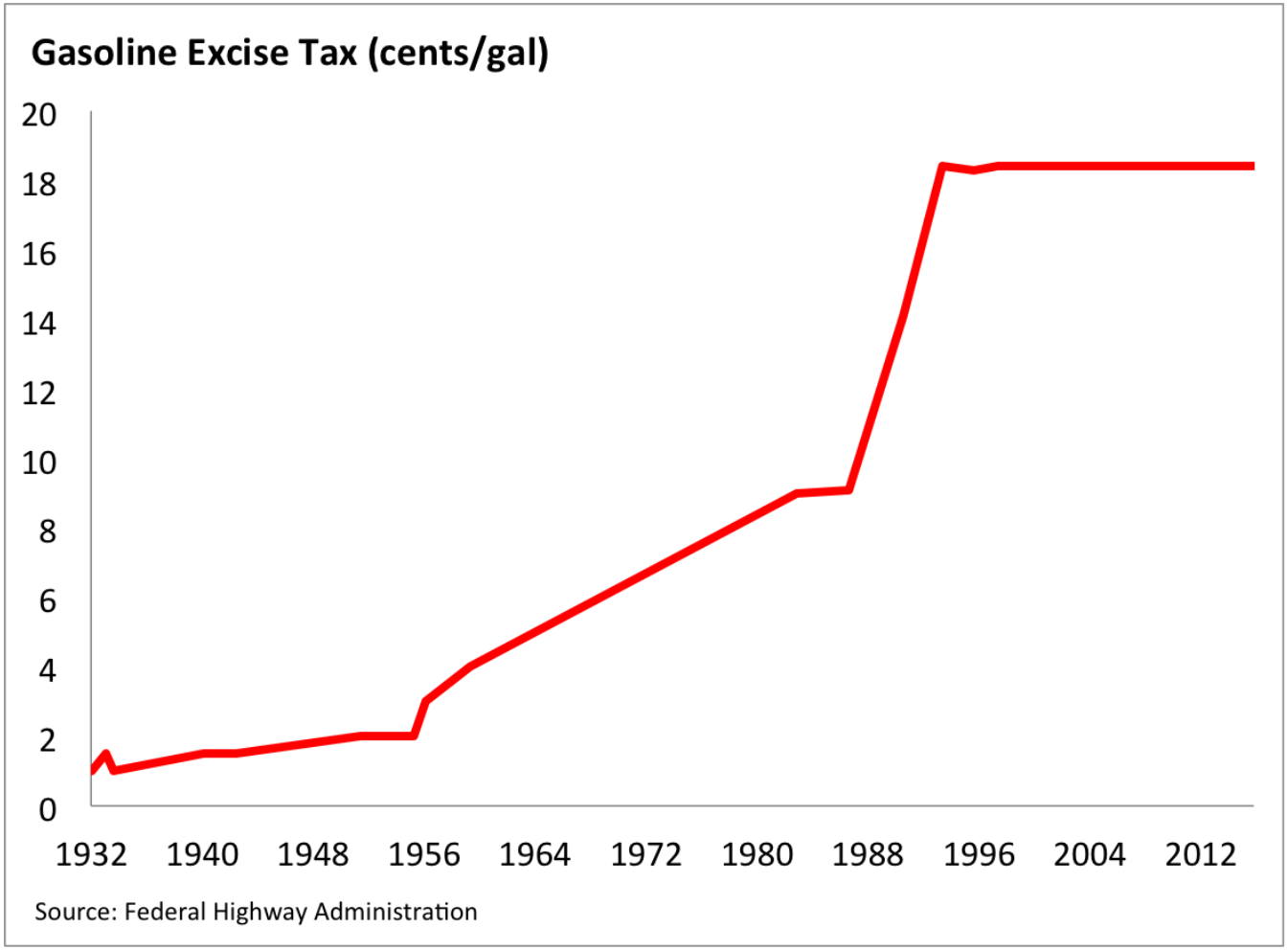
Distinct Advantages

- vs Cap-and-trade
  - Simplicity
  - Price confidence
  - Investment triggers
  - Transparency
  - Rent seeking

vs. Cap and Trade: Price Confidence



vs. Cap and Trade: Price Confidence



Distinct Advantages

- ***REVENUE***

Can we afford it?

- Revenue neutrality
  - Tax relief
  - Address regressivity
- Competitiveness implications
- Business & investment confidence
- Eliminate redundant policies

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Thanks!

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