

Key Elements in a U.S. Policy

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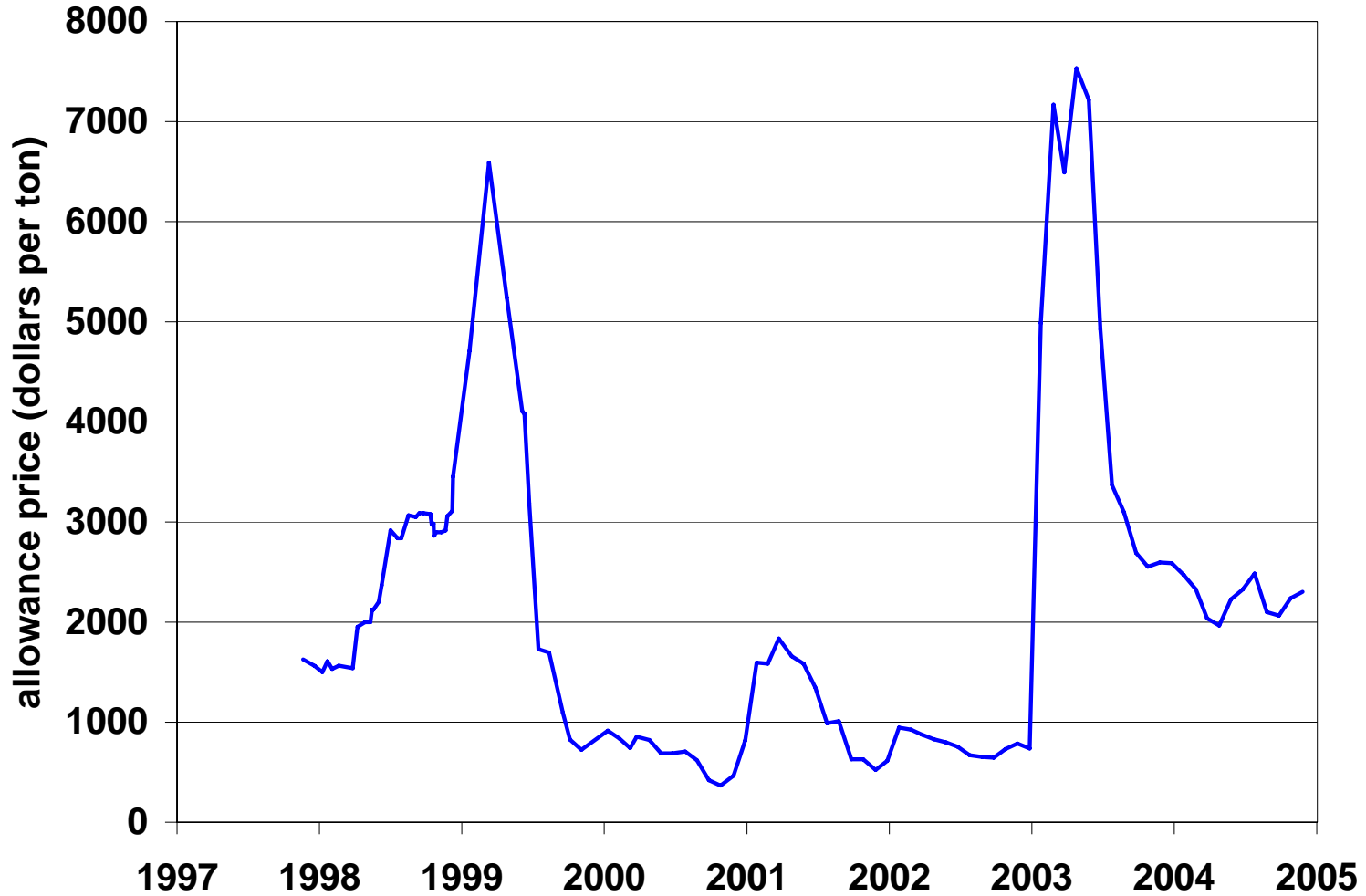
Choices

- Mandatory / Incentives v. Voluntary
- R&D Incentives v. Market Signal
- Cap-n-trade v. Intensity v. Price mechanism

Price-mechanism – means what?

- Any market-based policy mechanism that reliably expands an emissions constraint in the face of unexpectedly higher cost.
- Includes:
 - Emission taxes.
 - Safety valve
 - Borrowing and banking (if a sufficient bank exists).
- Weakly includes:
 - Offset triggers
 - Circuit breaker
- Key: Needs to reliably provide at least 5% annual increase in allowance volume without imposing significant higher price signal.

NO_x OTC Current Vintage Price



2020 Coal Consumption versus CO₂ Price

(select EIA analyses)

