



# PRICE ON CARBON

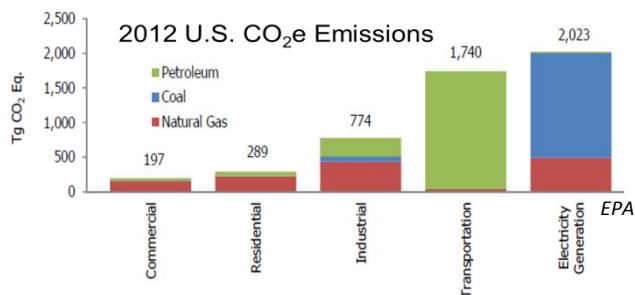
Putting the Market to Work

[PriceonCarbon.org](http://PriceonCarbon.org)

What can we do to decrease carbon emissions and not hurt our economy? We can put a price on carbon and release the powerful forces of the marketplace. Let the market work to decrease demand, drive down emissions and grow innovations and alternatives, while at the same time growing jobs. That future is exciting – and profitable.

## What Are Emission Sources?

In the U.S. 75-80% of greenhouse gas emissions are from fossil fuels. Most fossil fuel emissions are from electricity generation, followed by transportation and industrial.



## Pricing Carbon Reduces Emissions

Putting a price on fossil fuel emissions reduces the biggest source of GHG emissions. And economists agree – it's very efficient.

## Elements of Carbon Pricing

There are three main elements to carbon pricing:

**Pricing Mechanism** can be a direct tax or fee on carbon emissions, or an energy trading scheme (ETS) like cap and trade. Both are being used.

**Emissions Covered** can include electricity generation, and/or transportation, and/or industrial. Most schemes include only electricity generation or industry covering about 30-40% of emissions. California includes all three to cover about 85% of emissions.

**Revenue Use Options** can and do range widely, from revenue positive (e.g. government programs for mitigation and adaptation) to revenue neutral where revenues are returned to households and businesses through various methods like other tax cuts.

## Will It Hurt our Economy?

We have to keep our economy strong — that's a given. Beyond the obvious reasons of keeping people working and keeping investment growing, keeping the economy strong is needed for the significant investment we'll need for the transition to alternatives.

The fossil fuel industry will indeed suffer, but the economy as a whole need not. Growth in alternatives can replace jobs in fossil fuels, and the energy needed to support our economy can continue to be available.

Further, the cost to our economy – from storms, sea level rise, health and other effects – will be even bigger if we don't take aggressive action to reduce emissions.

**Change opens the door to opportunities.** With efficient pricing systems, our economy can even grow robustly.

## Does It Work?

Nearly 40 carbon pricing schemes are active around the globe, and average emissions are decreasing in the areas affected.

In order to work, the cost to emit must be large enough to make an impact. That means the cap must be low enough or the tax/fee high enough (in the \$20-60 range and higher) always guarding the economy.

