CONNECTICUT LEAGUE OF CONSERVATION VOTERS

MULTI-STATE CARBON PRICING

THE PROBLEM

Scientific consensus and disasters around the world are increasing the evidence every year that climate change is the largest threat to humanity, save nuclear war. Without leadership from the United States, the world will not ward off the climate catastrophes that will unfold along our coastline and across the globe. The likelihood of continuing inaction in Washington render it imperative that states such as Connecticut take the lead with even bolder steps than they have taken to date.

Many economists and policy experts agree: the fastest, least expensive, and most predictable way to reduce greenhouse gas emissions is a market-oriented approach, imposing a charge for processes which create emissions – putting a "price on carbon" to account for its real societal costs. This concept will be most effective if pursued on a regional multi-state basis.

A REGIONAL SOLUTION

A similar approach has yielded impressive benefits in the nine-state Regional Greenhouse Gas Initiative (RGGI).

RGGI, which applies only to large electric power producers, has reduced emissions and had positive economic impacts including $1.4 billion in net economic benefits for member states between 2015 and 2017 and an estimated $220 million in consumer energy bill savings through energy efficiency reinvestment.

Over **1,300 companies**, **40 countries,** and **20 cities, states, and provinces** use carbon pricing mechanisms.

Lawmakers from 9 states, including Connecticut, have joined a regional alliance to coordinate efforts on reducing carbon emissions.

Regional carbon pricing would boost the economy, proven by the **$1.4 billion** in economic benefits for members of the Regional Greenhouse Gas Initiative.

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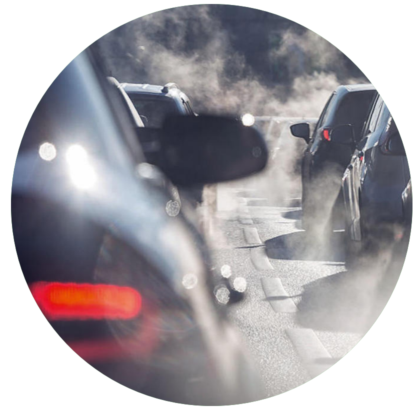
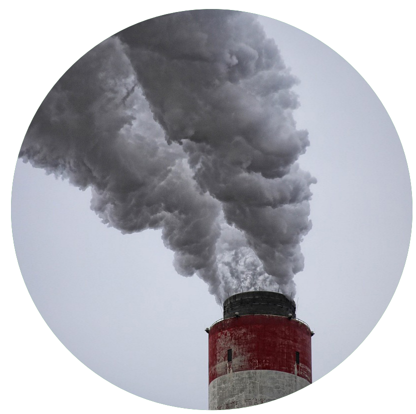
Multi-State Carbon Pricing

Support for Carbon Pricing

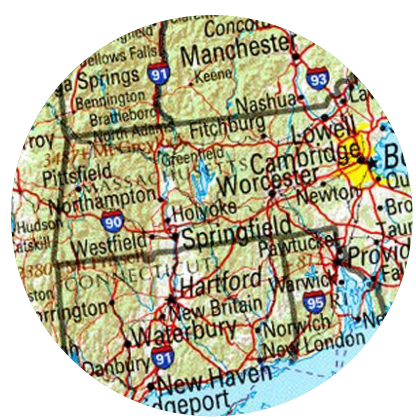
Diverse backing for carbon pricing is evidenced by support from 39 Fortune 500 companies and endorsement by national conservative business groups like the Partnership for Responsible Growth and the Niskanen Center. Over 1,300 companies currently impose an internal carbon price on operations. Some forty countries and more than twenty cities, states and provinces already use carbon pricing mechanisms, with more seeking to implement them in the future.



Much of the regional collaborative activities to date regarding carbon pricing have been among state legislators with some success, though Northeastern Governors have been driving discussions on transportation/efficiency innovation. Connecticut could jump start regional efforts by building consensus among area governors on core carbon emissions reduction principles. However, any carbon pricing initiative must recognize the potential impacts on vulnerable populations, as well as on the competitive position of CT firms, and be designed to mitigate potentially adverse impacts. Discussions and negotiations regarding specific program features such as: "revenue neutral" vs. revenue positive"; cost containment provisions; potential recipients of proceeds generated (consumers, businesses, low-income households, energy efficiency initiatives), stipulated $/ton of CO2 charge and schedule of increases, and potential carve-outs will provide an opportunity to craft the most effective program.



Connecticut can take the lead in pursuing a regional multi-state collaborative for a carbon charge program that would incentivize consumers and businesses to transition to carbon neutral/reduction practices without unduly burdening vulnerable populations or compromising the competitiveness of CT industry.



More Information

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