

CARBON PRICING ASSESSMENT AND DECISION-MAKING: A GUIDE TO ADOPTING A CARBON PRICE

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Role of the guide

**Aim: Develop guidance to inform policy deliberations
before decisions on carbon price adoption**



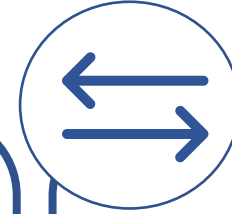
**Capture lessons
learned from
PMR**



**Provide a
framework to
guide
policymakers**

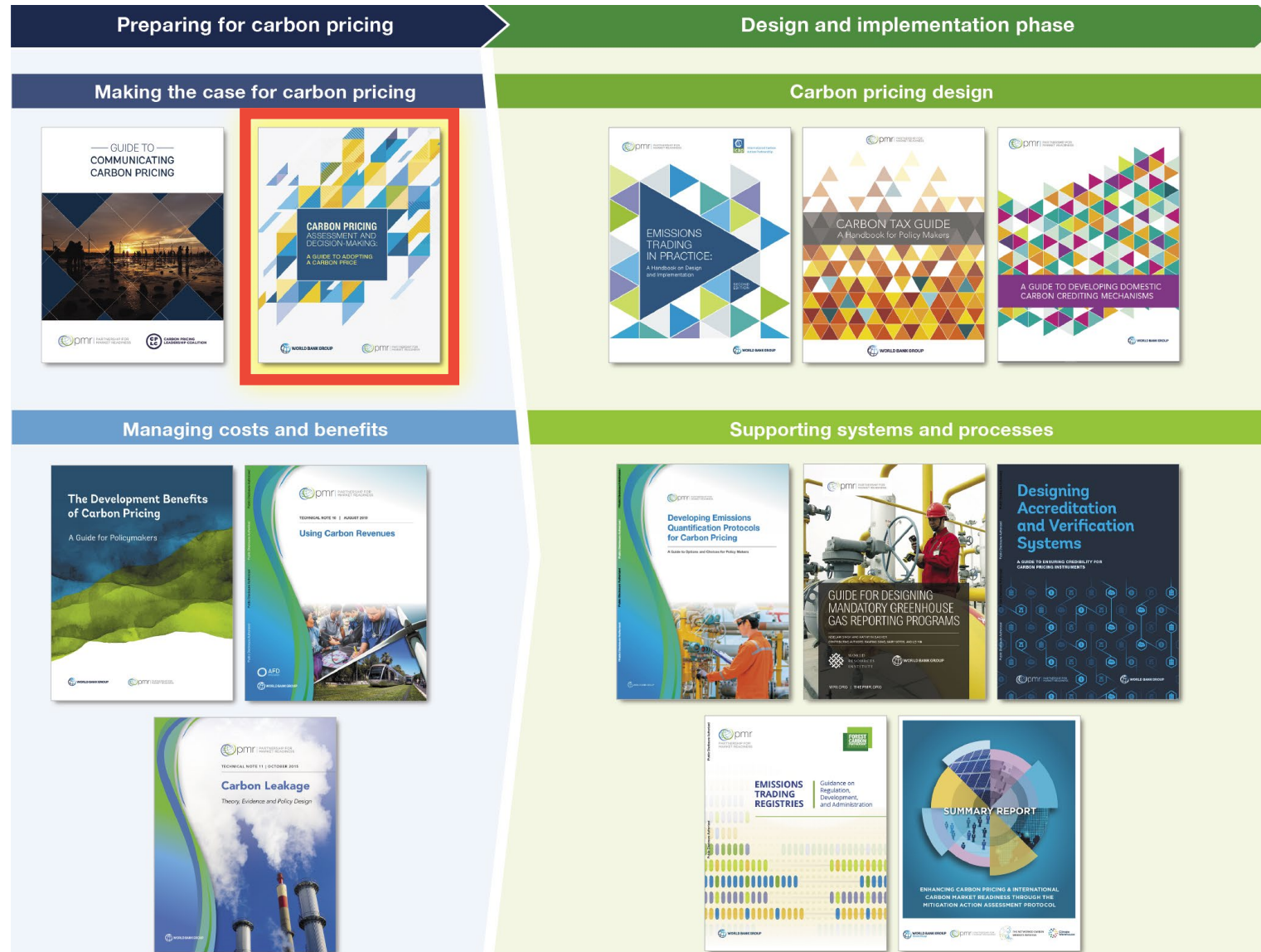


**Provide
templates, tools,
and examples**



**Complement
existing
guidance
documents**

A complement to the PMR's other guides



Technical documents available at: www.thepmr.org/content/technical-notes-and-guidance-documents

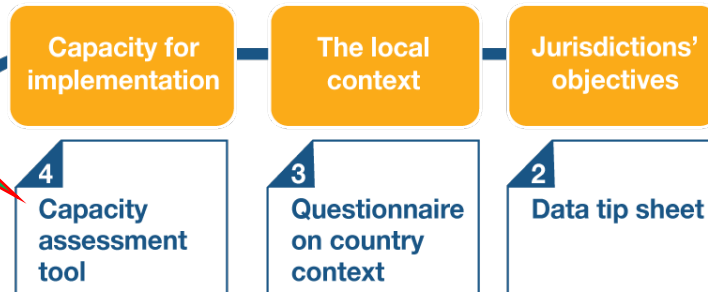
Overview of the Guide

1. Introduction to carbon pricing



Content

2. The jurisdictional context



Attachments

4
Capacity
assessment
tool

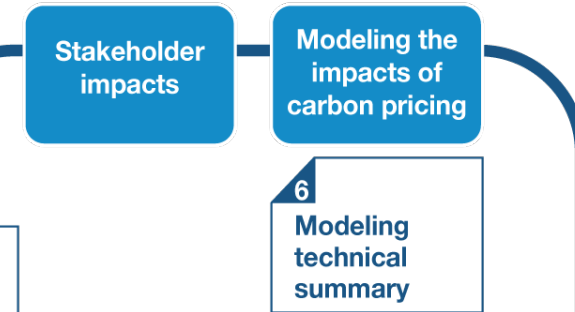
3
Questionnaire
on country
context

2
Data tip sheet

1
Identifying
policy
interactions

5
Example
terms of
reference

3. Impact assessment



6
Modeling
technical
summary

4. Reaching a recommendation



7
Recommendation
paper best
practices

Adopt a carbon pricing instrument

A carbon price can play different roles to meet a jurisdiction's objectives



Policy objectives influence instrument choice

ETS advantages

Carbon tax advantages

Emission outcome certainty

Regional/international cooperation

Cost-effective mitigation

Local benefits

Promotes business investment certainty

Raises predictable revenue

Local context and capacity is important



Capacity required



- Questionnaire on jurisdiction context
- Data tip sheet

Interactions with other policies affects how a carbon price functions

Complementary

improve functioning of carbon markets

- energy market reform (e.g. facilitating cost pass-through)
- infrastructure upgrades
- energy efficiency labeling
- pollution/emissions measurement

Overlapping

duplicate incentives in carbon markets

- feed in tariffs
- green certificate programs, such as renewable energy targets

Countervailing

oppose incentives in carbon markets

- fossil fuel subsidies
- industry tax breaks and special treatment



• Policy interaction attachment

Assess impacts using multiple sources

Impact assessment options

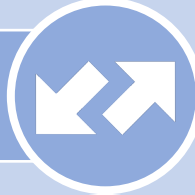


Business

Modeling



Trade metrics



Stakeholder engagement



Households

Modeling



Market analysis



Household surveys



- Modeling technical summary
- Example terms of reference

Making recommendations



Summary of tools and other guides



Summary of tools

1. Policy interaction attachment
2. Jurisdiction context questionnaire
- 3 Data tip sheet
4. Capacity assessment tool
5. Modeling technical summary
6. Example terms of reference
7. Recommendation paper structure

Preparing for carbon pricing

Making the case for carbon pricing

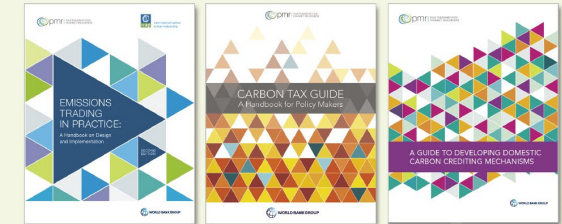


Managing costs and benefits



Design and implementation phase

Carbon pricing design



Supporting systems and processes



