

- Carbon pricing assessment and decision making: A guide to adopting a carbon price

13th April 2021

• What is required?



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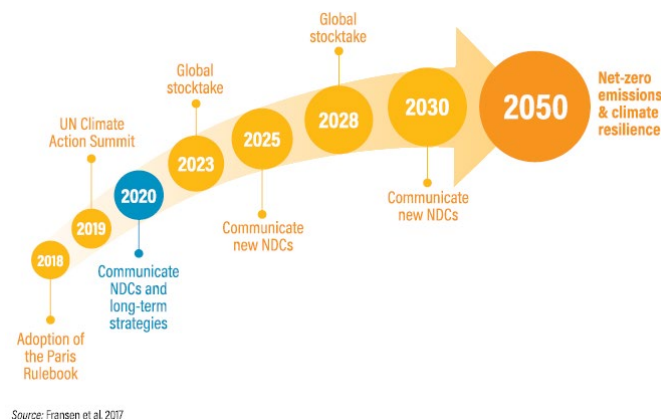
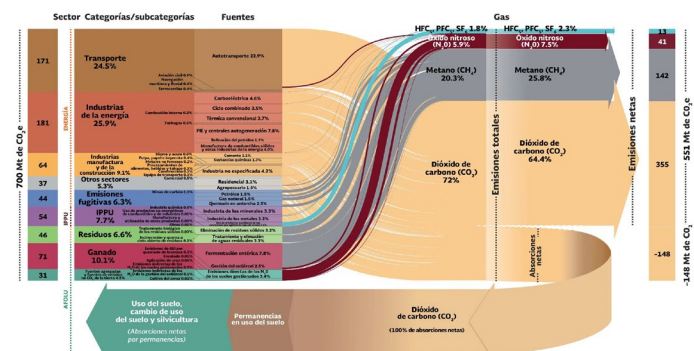
1

Direct and consistent message: why you need carbon pricing?

Explain why the need to adopt such an instrument:

if enough and adequate policies were in place, your emissions would not be growing.

- How the need to reduce GHG emissions relates to your emissions sources?
- How carbon pricing is different from other government policies?
- By when you aim to have a carbon pricing instrument ready?

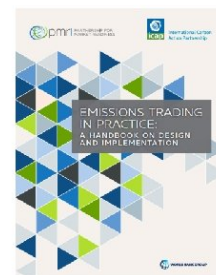
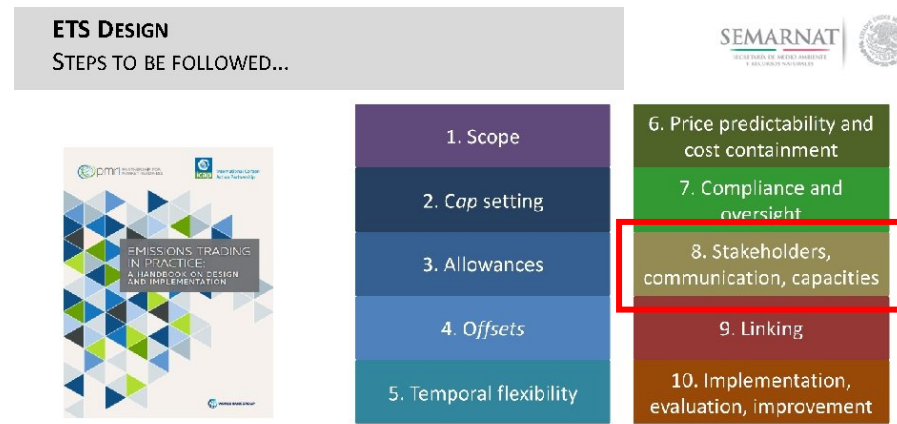


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2

Open a space for dialogue

- Identify your key stakeholders: business associations, chambers, departments or areas of government
- Informal working group:
 - Remain open to questions, take notes, distribute notes
 - Agree on key topics to be addressed: key concerns
 - Frequency of meetings and topics to be discussed
 - Facilitate interaction with peers: who has gone through same process?
- Be ready to identify and address capacity building needs
 - Carbon market simulation
 - Factsheets
 - Workshops



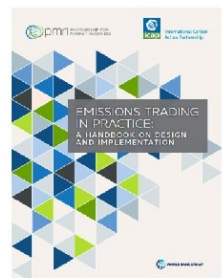
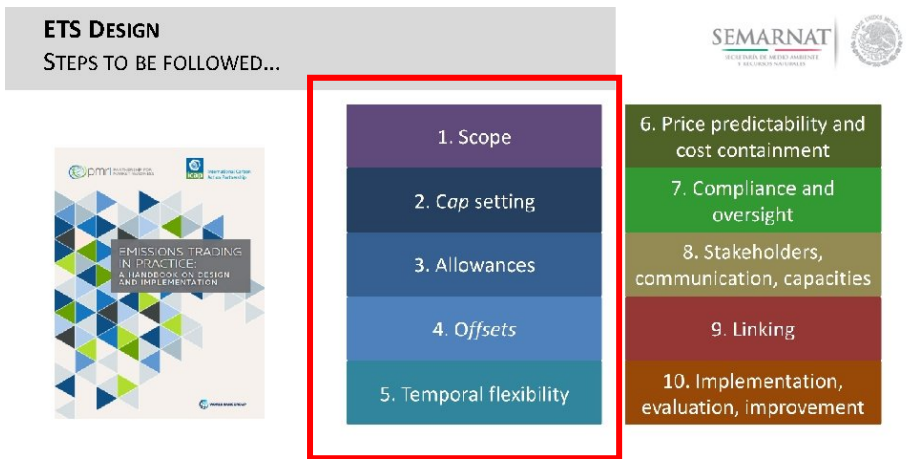
PMR; ICAP. (2016). "Emissions trading in practice: A Handbook on Design and Implementation"
<https://openknowledge.worldbank.org/handle/10986/23874>



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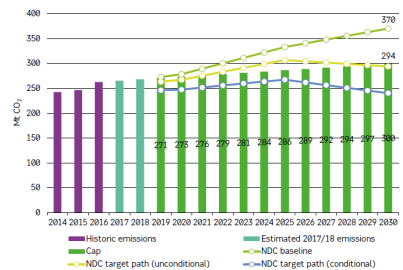
3 Route to be followed: What analyses are needed?

- Cap setting
- Allowances distribution method
- Impacts on competitiveness
- Carbon leakage
- Use of offsets
- Policies interaction: climate, energy (electricity generation + fossil fuels use), taxes
- Interaction with national targets, with NDC
- Registry conformation and operation
- Legal nature of allowances



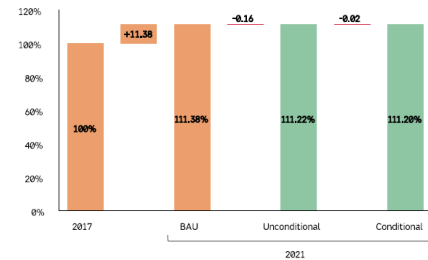
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Figure 4-1: Scenario 1: Increase in the annual LRF of +1% between 2019 and 2030



Source: México (2015); SEMARNAT (2018); Own calculation

Figure 3. GDP growth



Note: In the 'Paris' scenario, all countries adhere to the Paris agreement and meet their NDC targets. Mexico meets its unconditional NDC target.
Source: Vivid Economics

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The logo for Vivid Economics features a teal colon symbol followed by the word "vivid" in a lowercase, sans-serif font, and "economics" in a larger, bold, lowercase, sans-serif font. Below this, the tagline "putting economics to good use" is written in a smaller, lowercase, sans-serif font.

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