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?

What is required?

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

What is required?

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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