



Carbon pricing is not enough to fight climate change

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BY ALICE KASWAN, OPINION CONTRIBUTOR — 07/06/20 01:00 PM EDT

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In its [federal climate policy recommendations](#), released on June 30, the House Select Committee on the Climate Crisis devotes two out of 547 pages to its recommendation to “Put a Price on Carbon Pollution.” That emphasis is about right. As the committee states, “[c]arbon pricing is not a silver bullet,” and “Congress should consider a carbon price as only one tool to complement a suite of policies to achieve deep pollution reductions and strengthen community resilience to climate impacts.”

Ultimately, a carbon price is necessary but [insufficient](#), which is why the select committee was wise to do the hard work of envisioning a clean and equitable energy transition that avoids the pitfalls of relying on a market price to do the work for us.

It is worth emphasizing that a carbon price is necessary. Requiring industry to pay a carbon price would help internalize the costs of burning fossil fuels and create an ongoing incentive to prevent carbon emissions. In addition, as the committee notes, carbon pricing mechanisms could generate revenue to “[address top priorities](#), including investing in low-income communities, communities of color, and communities and workers in economic transition,” as well as rebuilding infrastructure, financing clean energy projects and funding adaptation.

But again, carbon price alone is not a sufficient response to the climate challenge.

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Although supporters of a carbon price laud the [autonomy](#) it gives industry, who decide when, where and whether to reduce emissions, that autonomy precludes public deliberation. While some flexibility is desirable, the committee's recommendations reflect the value of a more deliberative and democratically accountable process that weighs the benefits and drawbacks of a range of decarbonization options.

The committee's full suite of recommendations reflects the wide array of considerations, beyond price, that can and should influence our choice of climate strategies. One such factor is pollution reductions in frontline communities disproportionately burdened by a legacy of racism. Another is the need for grants and subsidies to enable industry and communities to benefit from a clean energy transition. The recommendations also reflect the need for comprehensive planning, rather than piecemeal private decisions, to address the intersections among climate strategies, like the challenges posed by electrifying transportation while shifting electricity generation to zero-emission options.

Carbon pricing advocates also observe that a carbon price would achieve emissions reductions at a [lower cost](#) than the type of direct measures proposed by the select committee. But lower-cost investments are not always appropriate when we consider a longer-term economy-wide transition. Decarbonization could require immediate and expensive investments, like new renewable energy, battery storage and new transmission networks, rather than the potentially less expensive short-term investments that might be spurred by a carbon price, like [new natural gas facilities](#) that perpetuate reliance on fossil fuels.

Many frontline environmental justice advocates [oppose](#) any role for carbon pricing. In addition to the absence of public participation, they point out that facilities could choose to maintain or increase greenhouse gas emissions by purchasing allowances or paying the tax, which could perpetuate or increase the associated co-pollutants that plague many communities of color. A carbon price could also have regressive effects on low-income residents, who pay a [higher share](#) of their income on energy and do not have the resources to avoid these costs by investing in energy efficiency or solar power.

The committee responded to these concerns with two design principles. One [states](#) that "Congress should ensure low- and moderate-income households benefit from a national carbon price." The other principle [asserts](#) that a carbon price should be paired "with policies to achieve measurable air pollution reductions from facilities located in environmental justice (EJ) communities..." Throughout the report, the committee included [numerous policies](#) intended to direct investments to EJ communities.

The select committee's emphasis on substantive sector-based policies and planning recognizes Congress' critical role in designing a clean energy transition, supplemented but not dominated by a carbon price. Despite the apparent elegance and simplicity of a carbon price, envisioning and achieving a just transition to a clean economy will require the kind of integrated analysis and recommendations the committee has proposed.

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