

Emission trading, linking, offsetting how do they interact with complementary policies and support mechanisms ?

**Berlin Seminar on Energy & Climate Policy
Climate Policy Initiative (CPI)**

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GHG Emissions Trading

Different dimensions (1)

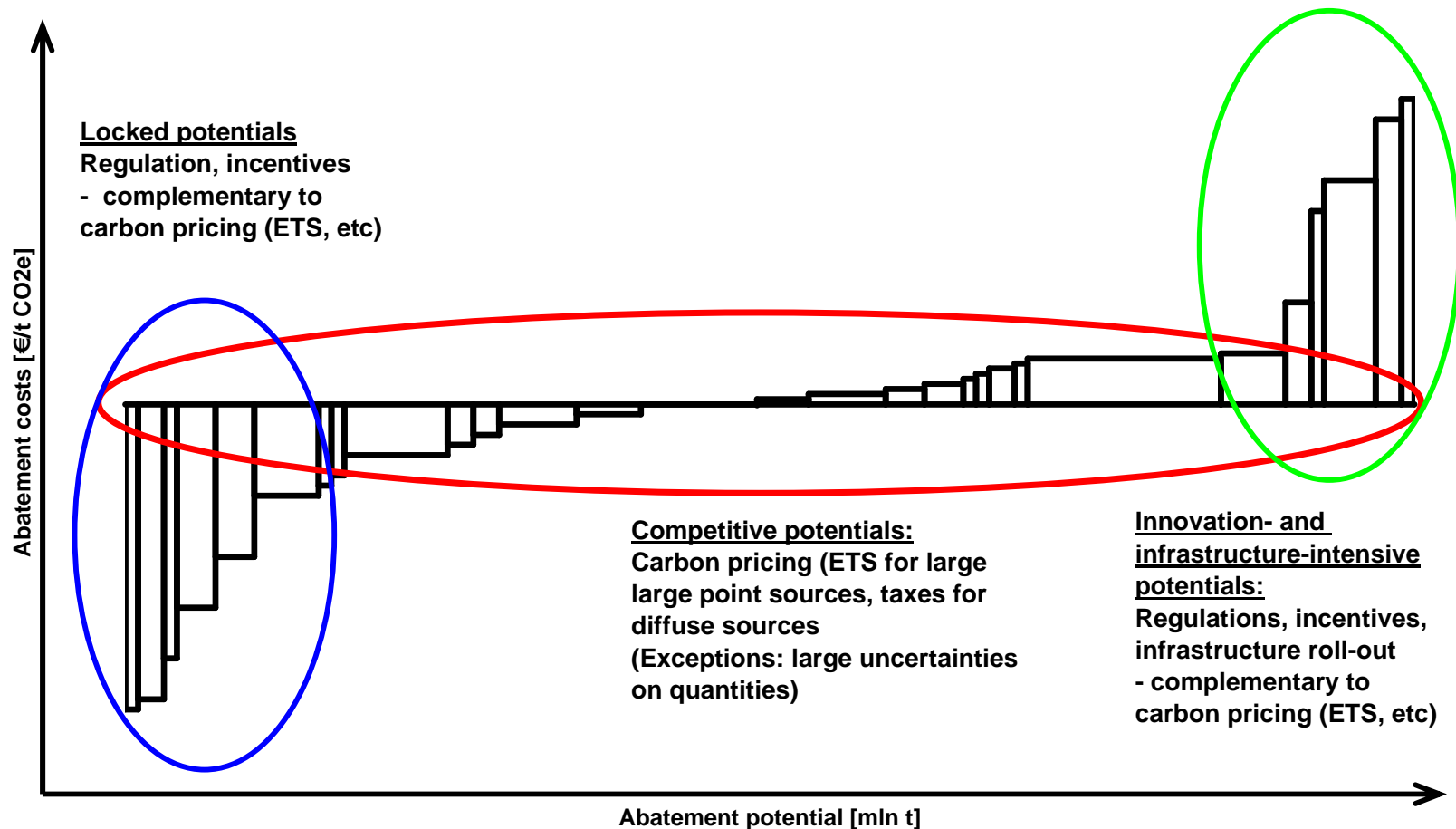
- **ETS as a “domestic” policy tool**
 - Effective Carbon pricing as key feature
 - What scarcity signals can ETS provide
 - ETS as (important) medium-term clearing mechanism!
 - ETS as mechanism to provide long-term scarcity signals?
 - In which sectors ETS really will make the difference
 - Downstream vs upstream (cost pass-through?!)
 - Economy-wide vs partial
 - Real world abatement costs
 - Inframarginal distributional effects
 - Innovation & infrastructure-related emission abatement
 - What is the necessary regulatory framework
 - Data quality
 - Governance accountability (and quality ...)

GHG Emissions Trading

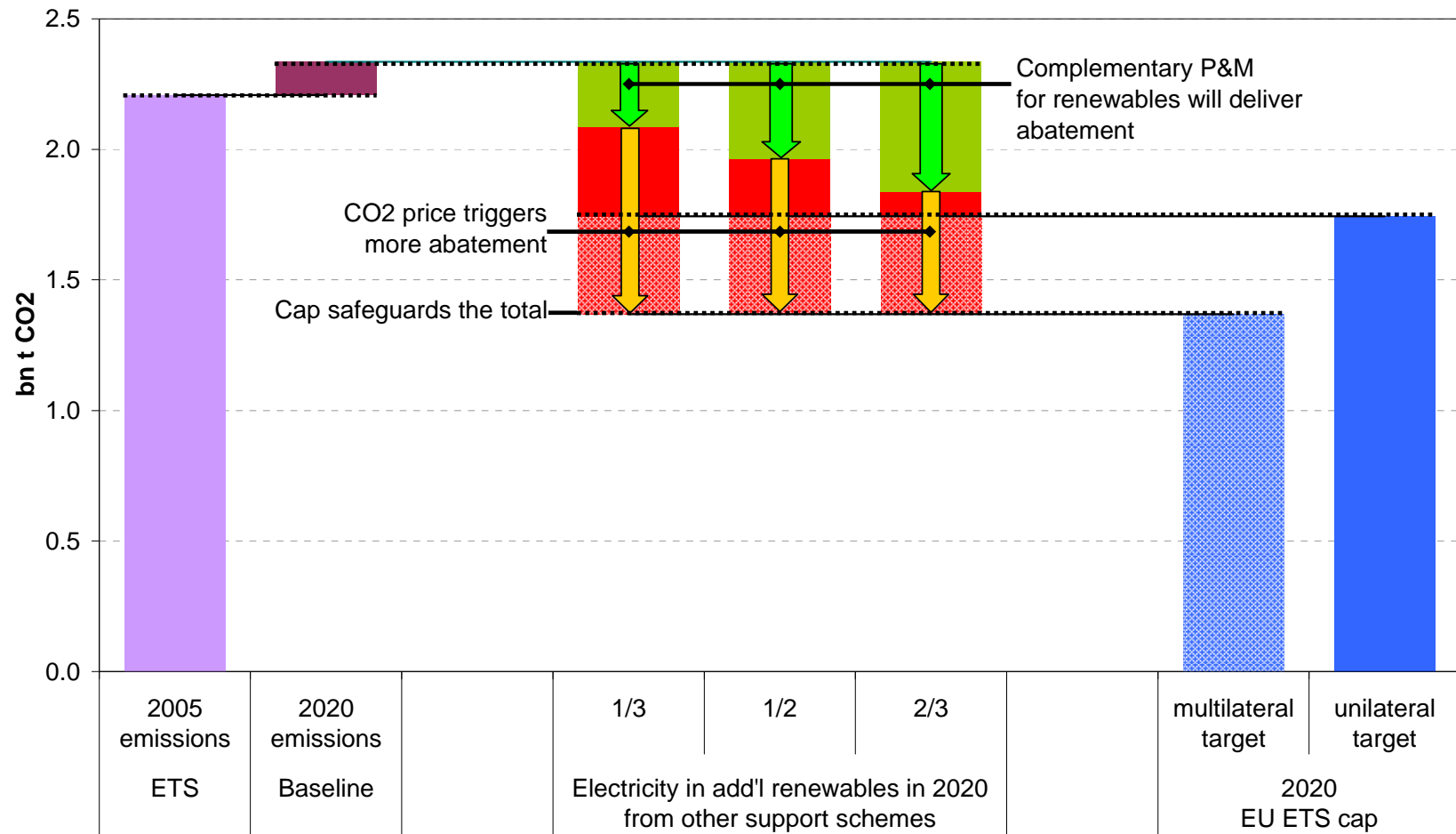
Different dimensions (2)

- **ETS as a key tool of global climate policy**
 - Accountable cap(s) as key feature
 - What are the regulated (and trading) entities
 - States only
 - Private entities – to what extent
- **What are the links – what is the potential of linking?**
 - Linking of ETS!!!
 - Level of ambition
 - Environmental integrity
 - Market integrity
 - Offsets???
 - Integrity (additionality) of project-based offsets and their alternatives
 - Substitution of of domestic policies (in host donor parties)?

An inclusive policy mix will be key - especially under uncertainties

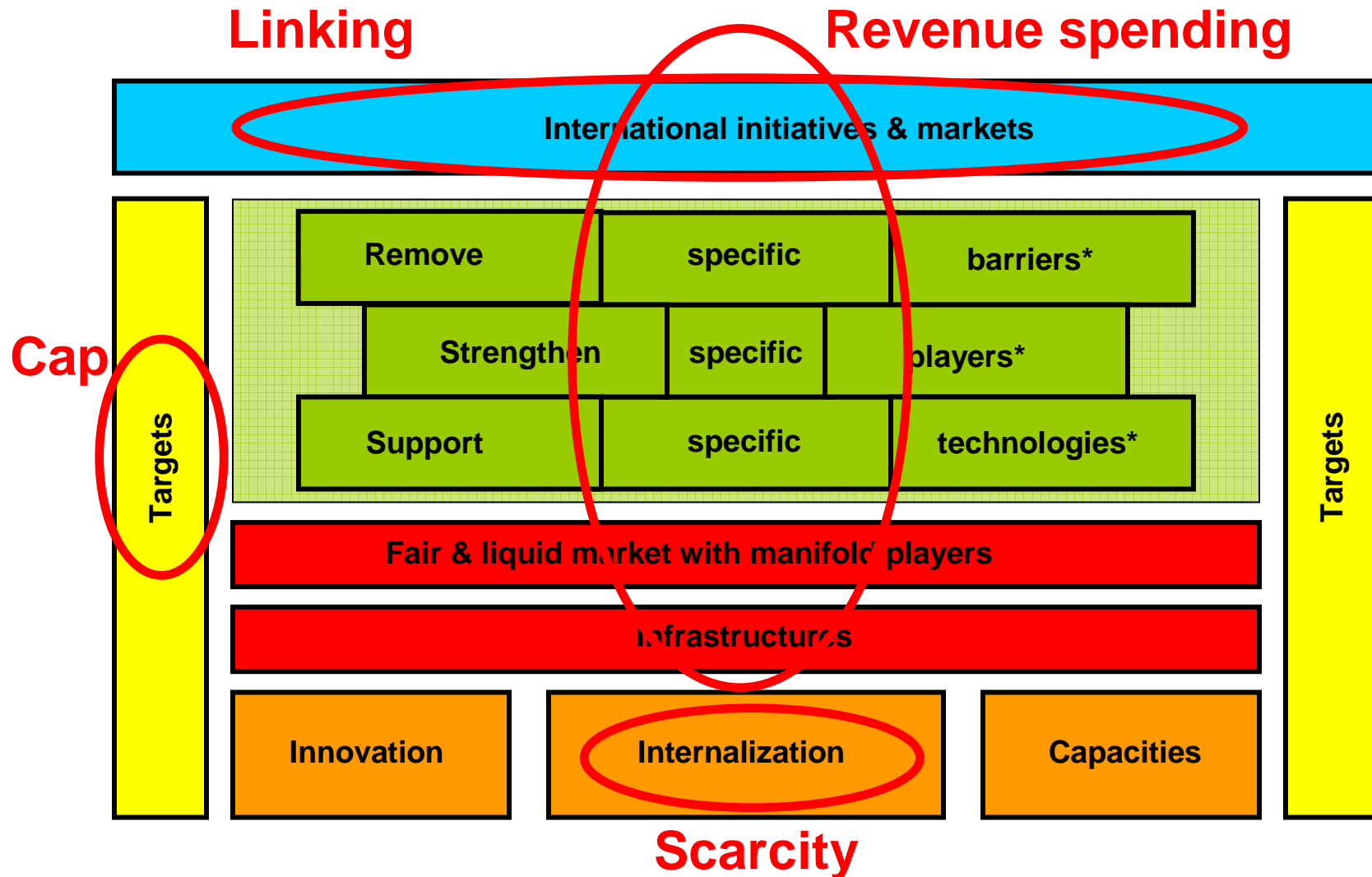


An inclusive policy mix requires consistent design & analytical capacities



Climate policy = ETS & more

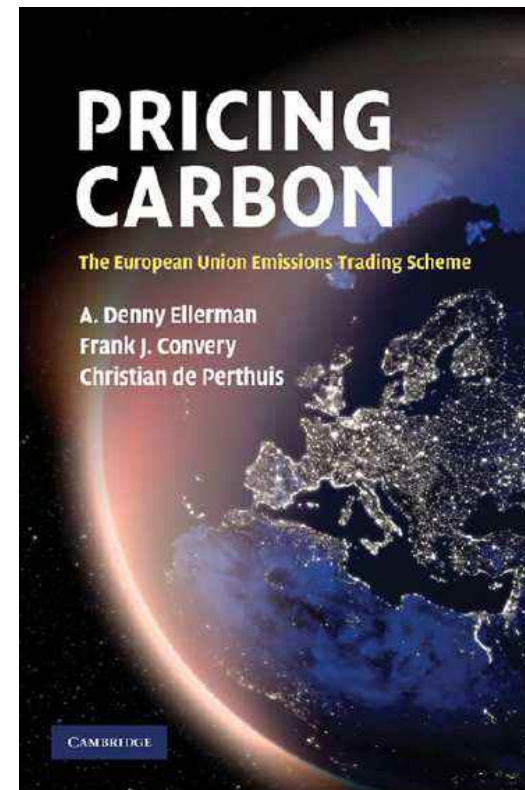
$$T \cdot (I^2+C) \cdot I \cdot m (F,L, P) + s(B,P,T) + (I_i+M_i)$$



* Evaluate, modify & eliminate specific policies, if necessary

**Thank you
very much**

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