



LOW TO MODERATE CARBON PRICES IN CLIMATE ENERGY POLICY PACKAGES

SOME INTRODUCTORY REMARKS

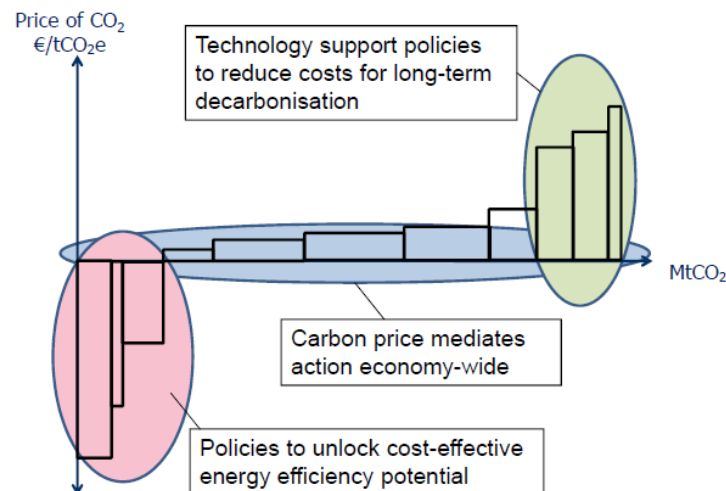
27 JUNE 2017

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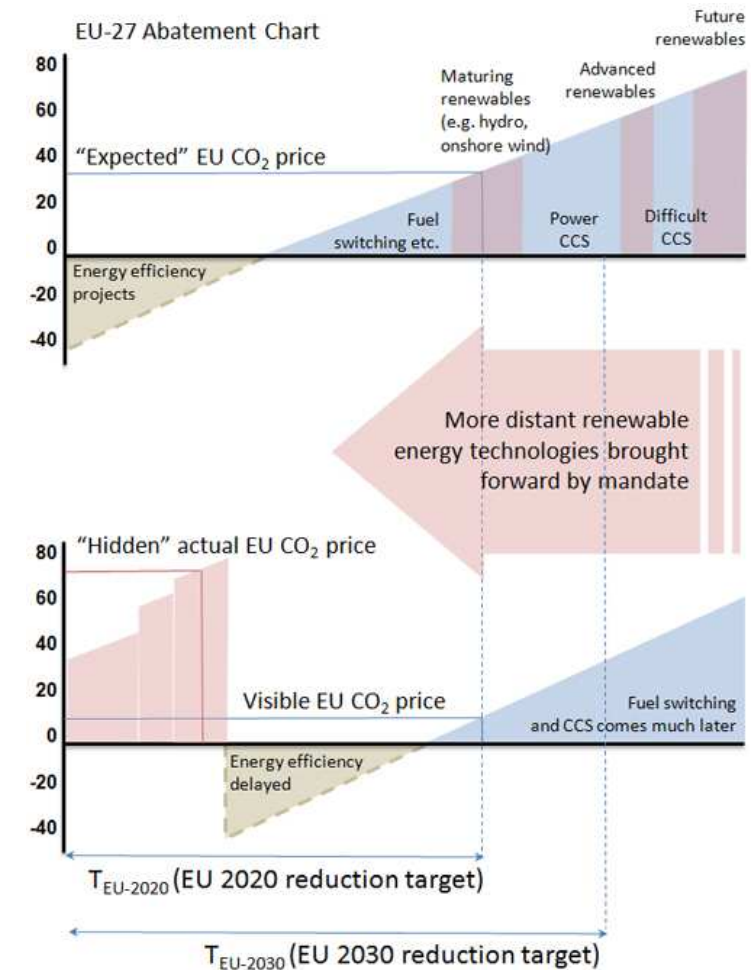
A Navigant Company

THEORY AND PRACTICE IN POLICY INTERACTION

It's easy to explain how in theory things could work, but the policy reality is often more complex



Source: IEA (2011), Summing up the parts, combining policy instruments for least-cost climate mitigation strategies



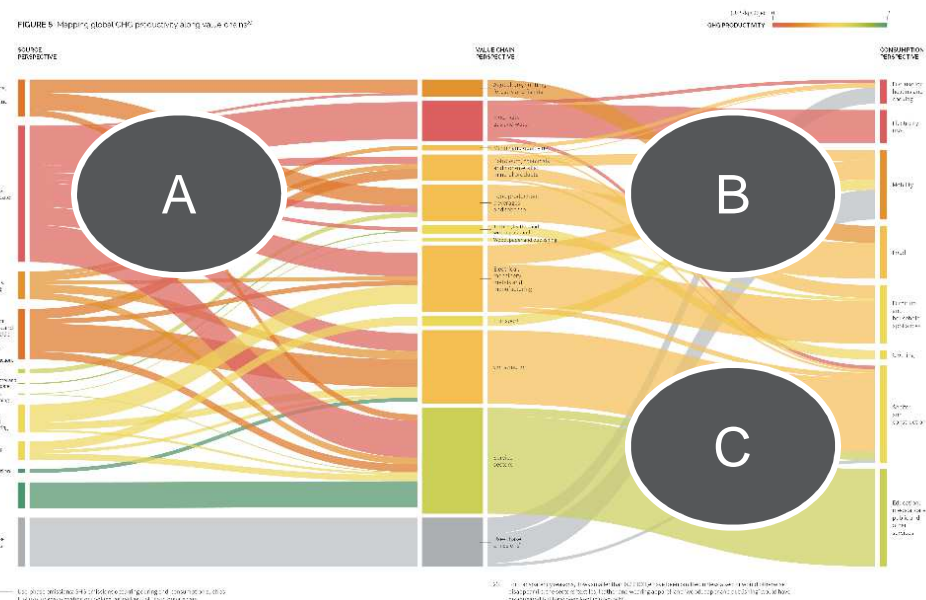
Source: Shell, David Hone

WHY ARE DIFFERENT LEVELS OF EXPLICIT CARBON PRICING SEEN AS REALISTIC IN DIFFERENT COUNTRIES

- *Upstream in value chain, high carbon prices not seen as realistic in view of competitive distortions for emission intensive industries (A)*
- *Downstream, high carbon prices could jeopardize affordable access to basic needs (B) and*
- *Price elasticities are insufficient for a carbon price to incentivize abatement (C)*

CARBON PRICING
UNLOCKED
CARBON PRICING FOR SUSTAINABLE GROWTH

<http://www.ecofys.com/en/projects/carbon-pricing-unlocked/>



WHAT CAN LOW-TO-MODERATE CARBON PRICES ACHIEVE?

MONITORING
REPORTING
VERIFICATION

FROM CSO TO CFO,
FROM THE ENVIRONMENT
TO THE FINANCE
MINISTRY

MEDIATING / SUPPORTING
ACTION ECONOMY-WIDE

WHAT ACTIONS NEED A MUCH HIGHER CARBON PRICE



**Dedicated support for long-term breakthrough innovations
(CCS, electric ammonia etc.)**



**Further internal carbon pricing approaches for corporates
and financial institutions to drive long-term investments**



**How about some of the dispersed and / or difficult to
measure sources**



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