

Subcommittee on Environment and Climate Change
Hearing on
“Building America’s Clean Future: Pathways to Decarbonize the Economy”
July 24, 2019

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The Honorable Paul Tonko (D-NY)

1. Policy can play an important role in driving technology development and deployment, especially when it corrects market failures and creates investment certainty. Potentially effective policies may include those which send a price signal to the private sector. For our purposes, “price signal” can be interpreted broadly, from a direct carbon pricing program to an indirect price, for example the 45Q tax credit.
 - a. Do you believe that sending a clear price signal on carbon pollution as part of comprehensive legislation would help support greater energy innovation and clean energy technology deployment?

RESPONSE:

Absolutely, yes. A carbon price is needed to incorporate climate change costs into economic decision-making to significantly reduce greenhouse gas emissions in the U.S. and in other countries. It would spur both deployment and innovation. However, a carbon price is not a silver bullet for addressing climate change. Complementary policies to a carbon price are also needed. These policies and programs must address market barriers and drive deep emissions cuts over the long-term.

WRI just released a relevant Issue Brief titled “Putting a Price on Carbon: Evaluating A Carbon Price and Complementary Policies for a 1.5° World” (<https://www.wri.org/publication/evaluating-carbon-price>). This issue brief is the latest in WRI’s series “Getting Serious About Carbon Pricing.” The full series is available at <https://www.wri.org/our-work/project/getting-serious-about-carbon-pricing/publications>.