CPLC Online Technical Workshop
(18/05/2020, 14:30 CET, Nick Beglinger)
Background, Cleantech21 Foundation (C21) (Zurich-based, not-for-profit/independent, radical on climate/nature)

Cleantech21

2009-2016

Policy/Advocacy (50%)

...Disruptive Innovation

Market/Technology (50%)

ClimaticLedger.org

thecpx.org

ClimateDividend.org

ClimateLedger.org

Hack4Climate.org
Today’s Lessons & Reminders on Distributional Impacts of CPIs
(not all CPI’s are created equal)

1. CPIs are an important part of climate action (reminder, general agreement)

2. Distributional impacts (and other drivers) majorly differ among specific CPIs

3. Impacts largely depend on the use revenues, and the transparency of the pricing approach

4. Efforts to address distributional impacts should not weaken climate action

>> Yes, and so?
Recent Lessons on Communicating CPIs
(guide launched at COP24)

1. Communication must be considered a key driver of carbon/emission pricing success
2. Communication provides the means for building acceptance (with voters, stakeholders)
3. Good communication requires good policy
4. Fair and transparent use of revenues are key in this respect, they build trust
5. Keep it simple.

>> Yes, and so?
Reminder on Urgency & Scale (IPCC)

Stylized net global CO2 emissions (GtCO2/yr)

1. Less than 30y to net-zero
2. Net-zero means: All sectors, all emissions
3. Trends thus far clearly indicate: Major change of gear needed
4. General logic: Fast and large-scale action only works with simple and transparent policy design

>> So: Focus on specific CPIs, test them, get them implemented and aligned internationally

Taking Action: Climate Dividend Policy Frameworks (from theory to practice)

1. Climate Dividend, a specific CPI approach (excelling on simplicity and fairness)
2. White paper 03/2019 (also drawing attention to the lack of attention of this ‘third way’ of pricing...vs. tax and ETS)
3. Hackathon 12/2018 (kick-starting work on enabling technology)
4. Partnership with Citizens Climate
5. Support by Government of Switzerland
Swiss Experience
(positive, limited)

1. Climate Dividend type policy in placed since 2008
2. Fee on all heating fuels only (oil and gas)
3. Two thirds disbursed to households (annually, deduction on social security bill)
4. One third to building renovation fund
5. Currently at approx. USD100/tCO2
6. Includes price-adaptation mechanism depending on achieve reductions
Effective Carbon Rates (OECD 2018) - ETS vs. Tax
(time to focus on effective CPIs)

<table>
<thead>
<tr>
<th>OECD Effective Carbon Rates (ECR)</th>
<th>Emissions</th>
<th>Share of ECR</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sector/Emission Source, 2018</td>
<td>% Total</td>
<td>Priced</td>
</tr>
<tr>
<td>1 Agriculture &amp; Fisheries</td>
<td>1%</td>
<td>50%</td>
</tr>
<tr>
<td>2 Electricity</td>
<td>31%</td>
<td>66%</td>
</tr>
<tr>
<td>3 Industry</td>
<td>37%</td>
<td>34%</td>
</tr>
<tr>
<td>4 Offroad transport</td>
<td>2%</td>
<td>62%</td>
</tr>
<tr>
<td>5 Residential &amp; Commercial</td>
<td>13%</td>
<td>22%</td>
</tr>
<tr>
<td>6 Road Transport</td>
<td>16%</td>
<td>97%</td>
</tr>
<tr>
<td>Total</td>
<td>100%</td>
<td>NA</td>
</tr>
</tbody>
</table>
Emission Budgets Among Global Income Groups
(big potential to be progressive/fair)
French Experience
(very just transition is key – incl. monthly pay-outs)
Climate Dividend Policy Framework (CDF)
(fair, simple/transparency – tech empowered)

1. Levy/incentive fee collected (upstream, all GHG emissions)
2. Emission costs passed on btw. businesses, across borders, to consumers
3. Levy/dividend distributed equally to all households (100%, less 1% R&D/admin)
4. Transparent public process
5. Options for negative emissions (depending targets set)
CDF Advantages
(very simple, very fair, very efficient)

1. Simplicity:
   - Communication (understanding, support)
   - Implementation (practically/admin, avoiding disputes over use of proceeds)

2. Fairness:
   - Communication (generating support)
   - Implementation (making CDFs real)

3. Efficiency:
   - All emissions, all emitters
   - **Incentives** for all, actions bottom-up
Launched Today: ICDA
(International Climate Dividend Alliance, Swiss government support)

1. International, not-for-profit organisation
2. Specifically promoting CDFs, towards global implementations (developed & developing countries)
3. Support from Swiss government (press release)
4. Now seeking other government and non-government stakeholders as ICDA partners
5. Check out climatedividend.org
ICDA’s Workstreams
(please come and participate)

1. Communication
2. Collection (where, how)
3. Disbursement (how, distributional impacts)
4. Pricing approaches
5. International linking
Thank you!

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