

# Energy Innovation and Carbon Dividend Act

*The Market-Based Climate Solution*

## Purpose of This Policy

- To encourage market-driven innovation in clean energy technologies.
- To create efficient markets, encourage competition, and promote our national interests.
- To create a healthier, more stable, more prosperous nation for future generations.

## Projected Benefits

- Creates 2.1 million net new jobs by the 10th year.
- Deploys private capital and American innovation to advance clean energy technologies.
- Reduces U.S. carbon emissions by 33% in 10 years, targets 90% reduction by 2050 (vs. 2015).
- Improves health, prevents 13,000 pollution-related U.S. deaths annually.

## Major Policy Components

### Carbon Fee

**Carbon Fee** - A gradually-rising upstream fee on the carbon content of fuels.

- Purpose: Creates market-driven demand for cleaner energy technologies. Corrects market distortions by reflecting externalities of pollution costs
- Details: Assessed once, upstream. Starts at \$15 per metric ton of CO<sub>2</sub>e, increases \$10 each year. Exemption for agricultural fuels and non-emissive uses. Rebate for CCS.
- HFCs: Fee also assessed at 10% of GWP of fluorinated gases.

### Carbon Dividend

**Carbon Dividend** - Rebates 100% of net revenues to the American people.

- Purpose: Protects consumers and the economy. Maintains revenue neutrality. Rebate offsets cost increases for most Americans.
- Details: Equal share to adults with SSN or TIN, half share to minors. Administered by Treasury. Admin costs not to exceed 2%. 1-month advance payment.

### Carbon Equalization Tariff

**Carbon Equalization Tariff** - Carbon intensive imported goods pay equalization tariff if country of origin does not price carbon. Exported goods receive refund.

- Purpose: Removes incentive for dirty production for all manufacturers from all countries. Creates economic incentive for all nations to price carbon.
- Details: Designed for WTO compliance. Tariff on fossil fuels and carbon intensive goods only.

### Regulatory Adjustment

**Regulatory Adjustment** - Adjusts certain GHG regulations which would become duplicative with enactment of this policy.

- Purpose: To avoid double jeopardy of both fee and regulation on certain GHGs.
- Selective - Affects only certain GHG regulatory authority.
- CAFE vehicle efficiency standards, methane, mercury, particulate, regulations remain in place.
- If cumulatively emissions targets aren't hit after 10 years regulatory authority restored.