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## **CBO Finds Economic Considerations More Important Than Rigid Caps in Reducing CO2 Emissions**

Washington, DC -- The Congressional Budget Office (CBO) last week released its study of policy options for reducing CO2 Emissions. The CBO concluded that the most efficient options are, in descending order, a carbon tax, a cap-and-trade system with a safety valve, a cap-and-trade system with a circuit breaker, and finally, an annual inflexible cap.

The CBO report said that a cap-and-trade with a safety valve design could help reduce the problem of price volatility that has been associated with previous emissions reductions programs. It also noted that an upstream point of regulation in a domestic carbon emissions program would be beneficial, as it would require regulating the least number of entities.

### **Following is a statement by Rafe Pomerance, president of Clean Air-Cool Planet on the CBO's findings:**

"The Climate Policy Center of Clean Air-Cool Planet has long believed that with the exception of a carbon tax, the most efficient way to reduce carbon emissions is through a cap-and-trade system equipped with a safety valve. The Congressional Budget Office's new study supports our position. In addition, the CBO study highlights a number of design features that the Climate Policy Center has advocated, particularly the upstream point of regulation. Our nation must pursue meaningful reductions in carbon emissions, but we need to do so in a way that also protects our nation's economy and enables us to successfully negotiate and enter into international agreements.

"This study provides critical information for our policymakers that can help ensure that we develop an ambitious yet balanced plan which will effectively combat climate change."

#### About Clean Air – Cool Planet

Clean Air-Cool Planet is a science-based, non-partisan, non-profit organization dedicated solely to finding and promoting solutions to global warming. Through our Climate Policy Center we develop and promote economically efficient and innovative climate policies. CA-CP provides hands-on assistance to companies, campuses, communities and science centers to help them reduce their carbon emissions and demonstrate the economic opportunities and environmental benefits of action on climate change. Find out more at [www.cleanair-coolplanet.org](http://www.cleanair-coolplanet.org).

The CBO study can be found at: <http://www.cbo.gov/ftpdocs/89xx/doc8934/02-12-Carbon.pdf>.

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