

Pacific Northwest Carbon Pricing Conference

May 21, 2011

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Sightline Institute



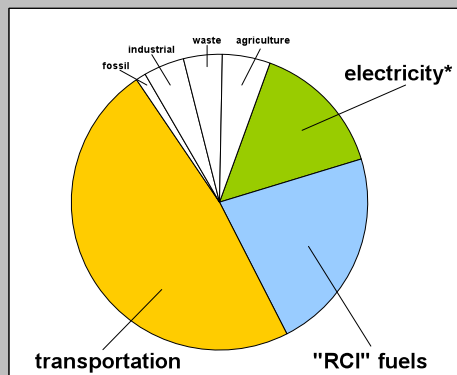
How would BC's carbon tax look in Washington?

1. What would it cover?
2. What would it cost?
3. What about alternatives?



Washington's GHGs

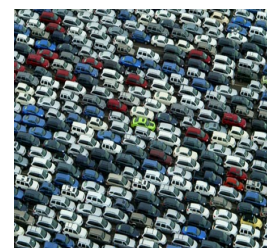
Roughly **85%** covered by a BC-style carbon tax



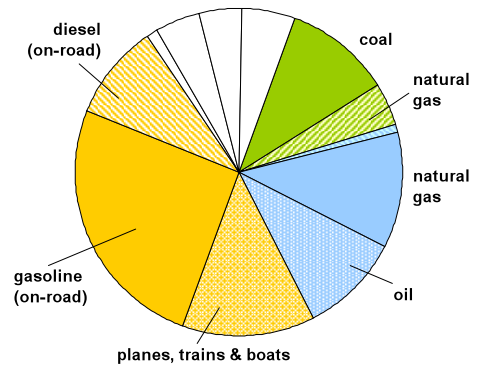
Carbon tax lands "upstream"

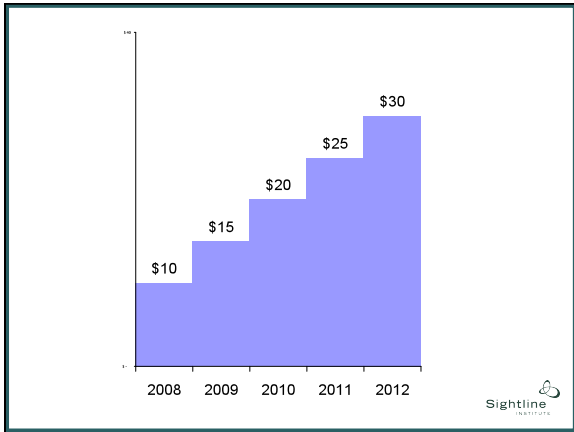


Tax here





Not here





Lost in translation?

Can \$1 = US \$1.03

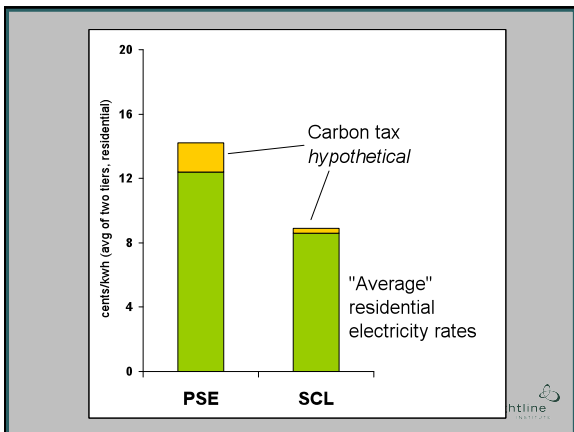
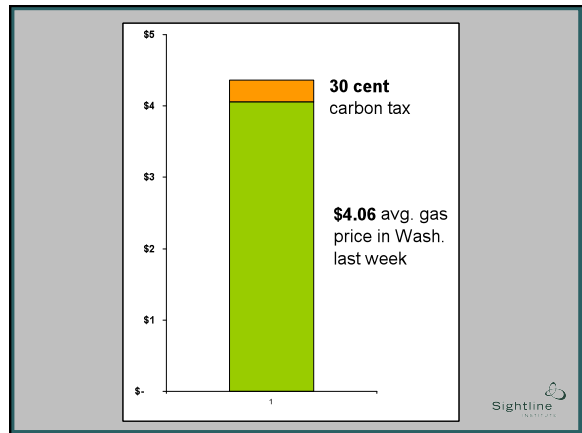
1 metric ton = 1.1 short tons

Can\$30/metric ton = US\$28/short ton

Prices

@ \$30/ton CO2 =

- **30 cents** per gallon of gasoline (and diesel, jet fuel, etc.)
- **3 cents** per kWh of coal power
- **1.5 cents** per kWh of gas power

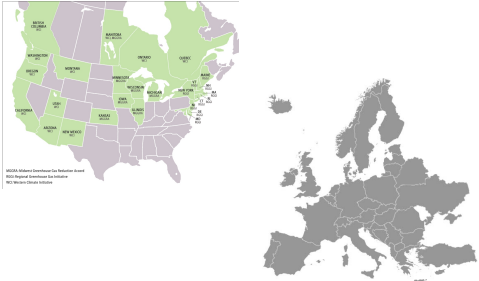


Revenue

\$2.2 billion per year



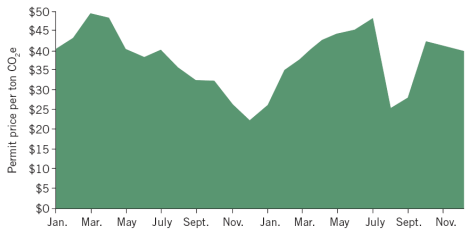
What about cap & trade?



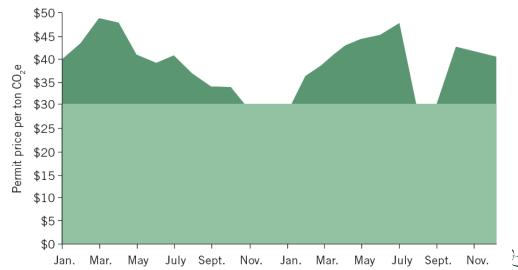
BC will have carbon taxes + cap & trade



Price volatility with cap & trade *but* GHG volatility with carbon tax



Cap + Tax = more certainty about price more certainty about GHGs



Carbon reductions

- 1.Reductions are certain (magnitude is not)
- 2.Modest short-term impact
- 3.Bigger long-term impact
- 4.Gradual change (mostly)



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