



Policy Contribution
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A whole-economy carbon price for Europe and how to get there

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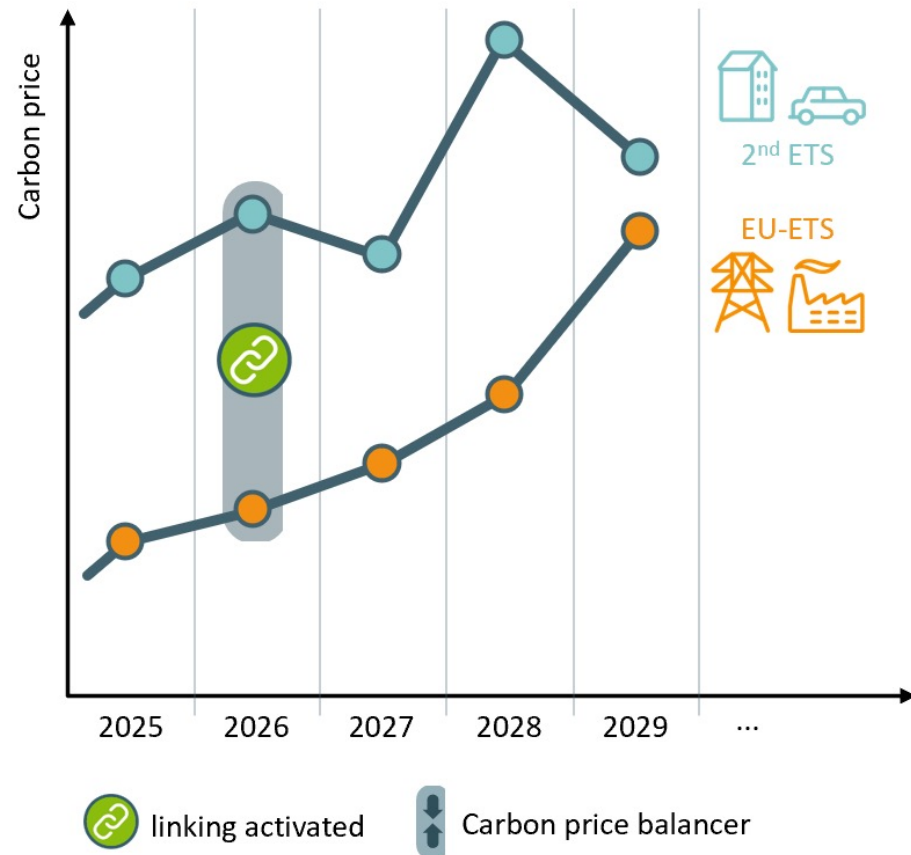


GEFÖRDERT VOM



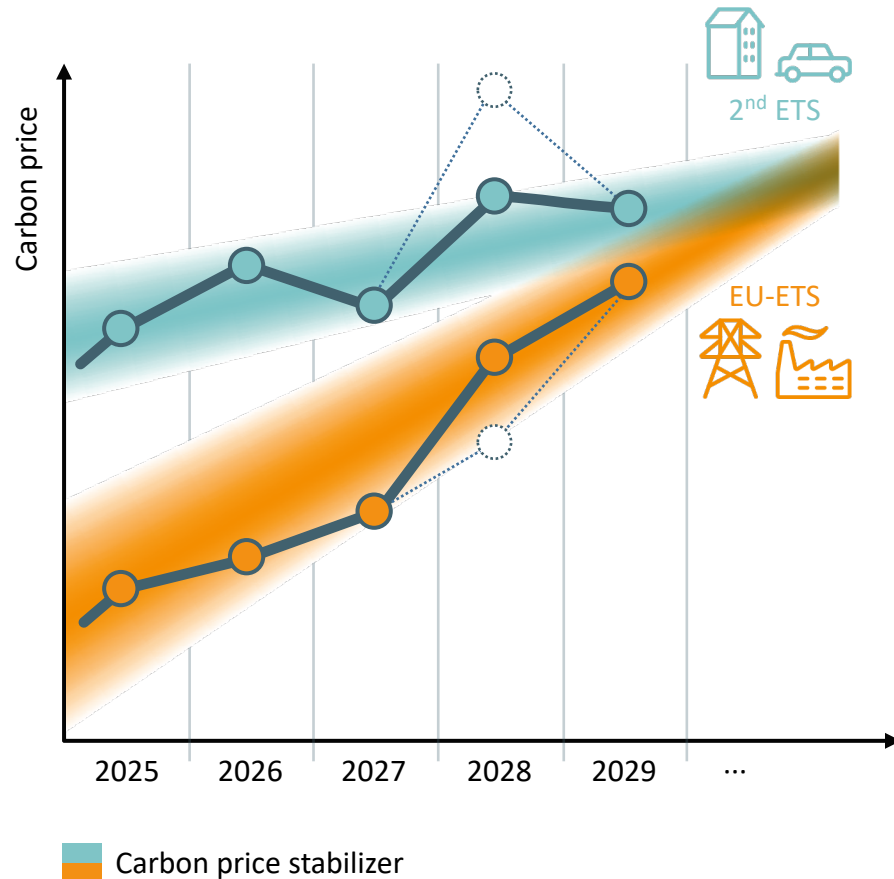
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Two ETS with carbon price balancer



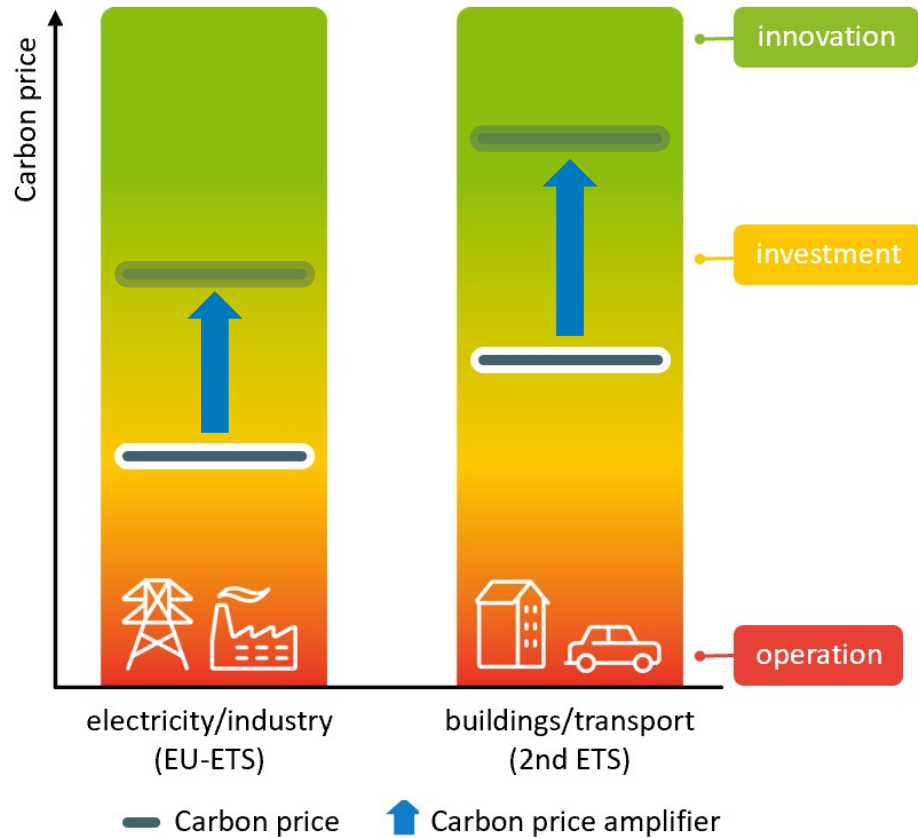
- Start with **two separate ETS**
- Use **carbon price balancer** (linking) to manage price differences between the two systems in the short run

Carbon price stabilizer



- Build in long-term **convergence**
- Use **carbon price stabilizers** (price collar) to address the commitment problem and ensure price convergence

Carbon price amplifier



- Trigger fast investment and innovation
- Use **carbon price amplifiers** (additional policies) to address the commitment problem and other externalities

First best carbon price (universal, credible, durable) required, but four considerations

