Investigating Domestic Tradable Quotas

Environmental taxes are used by governments as economic incentives for industry to reduce greenhouse gas emissions and energy use. Domestic Tradable Quotas (DTQs) are a newly suggested scheme that proposes a national market in carbon units where individuals and organizations buy and sell additional units within a nation's carbon budget. The budget is set as the maximum quantity of greenhouse gases that a nation can emit in a given year, and is reduced annually towards achieving emission reduction targets. A proportion of the carbon budget is allocated free and on an equal per capita basis to all adult citizens. The remaining units are allocated to manufacturing and other organizations. Central to DTQs is a computer database that holds the carbon unit 'bank account' for all citizens and organisations.

Dr Kevin Anderson of Tyndall Centre North is assessing the equity, effectiveness and efficiency of DTQs. He is assessing the fairness of the allocation of emissions rights; the technological feasibility of implementing DTQs, and the scheme's likely efficiency. This assessment of DTQs includes the feasibility and costs of a network that can record all transactions, protect against fraud, and allow easy buying and selling of carbon units, and is also reliable and consistent. In addition, Dr Anderson will run a series of focus groups to assess public acceptability.

This first-ever comprehensive analysis of DTQs will ultimately address the full range of emissions reduction instruments. It is one of the first Tyndall projects addressing the development and application of economic instruments for reducing greenhouse gas emissions.

Domestic Tradable Quotas (DTQs) are a newly suggested scheme that proposes a national market in carbon units. Dr Kevin Anderson at Tyndall Centre North is assessing the equity, effectiveness and efficiency of DTQs

More information

Contact the lead investigator of Project T3.22 (Domestic Tradable quotas: a policy instrument for reducing greenhouse gas emissions from energy use)

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Useful Websites

The climate change levy and its impact on technological change (Tyndall Project T2.12)
www.tyndall.ac.uk/research/theme1/summary_t2_12.shtml

The Tyndall Centre for Climate Change Research
www.tyndall.ac.uk

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