

Cap and Share

Cap & Share is what is called an “upstream system”. The cap is enforced by requiring the fossil fuel suppliers to have permits to bring fossil fuels into the economy. The number of permits determines the size of the cap.

Each year you get a certificate for your share of the country’s CO2 emissions allowance. It might be for 10 tonnes of CO2, say. It’s free, and every adult in the country gets the same. The fossil fuel suppliers (oil, coal and gas companies) have to buy these certificates (you’d sell them via banks or post offices) and they become the permits. If a fossil fuel company buys your certificate, this allows them to bring in as much fossil fuel as will emit 10 tonnes of CO2 when it’s burnt (somewhere down the line). The more certificates they buy, the more fossil fuels they can bring in. Certificates are in demand, and are worth serious money.

In order to pay for the certificates, the fossil fuel suppliers put up the price of petrol, heating oil, coal and gas. Petrol (and the other fossil fuels) would cost more, and the cost of capping carbon is built in to the price of all goods and services automatically (so carbon-intensive goods cost more, encouraging the use of low-carbon alternatives).

Some prices go up, but you’re compensated by the income from the 'share'. If you have a lower than average carbon footprint, you’ll come out ahead.

Find out more here: <http://www.youtube.com/watch?v=rSUuFjAOZUo>

Cap-and-Share	
Basis of sharing	Equal per capita shares
Where is the cap enforced?	Upstream: Only companies importing or producing fossil fuels in the economy concerned would need to have permits.
Main advantages	<ol style="list-style-type: none">1. C&S guarantees that any level of GHG emissions can be achieved by acting at the point at which fossil energy enters the economy2. It shares the ownership of the atmospheric commons equitably and thus ensures that the burden of climate policy is also equitable3. The poor are compensated for both the rise in their personal fuel purchases and for the rise in the cost of energy4. A long term plan for tightening the cap gives a chance to plan ahead.5. C&S works through the price mechanism and does not have a dual accounting system.6. C&S could build up into a system that provided a framework for a global climate treaty based on per capita shares and transfers of value from over-polluting nations to the poorer nations