



What to Look For in Proposed Climate Change Solutions

Federal legislation to help the United States achieve net-zero climate pollution by 2050 – that is, adding no more carbon emissions to the atmosphere than we can remove – must lock in pollution reductions, grow the economy, and protect vulnerable populations.

To do all that, while providing communities everywhere with access to clean, reliable, affordable energy, we need to harness the power of markets to drive investment, create jobs, spur innovation, and deliver the transformative change needed to build the clean energy economy.

We know such policies work, because we've tried them before. Flexible policies that set firm, declining limits on pollution and let businesses find the best ways to respond have helped meet environmental goals faster and more cheaply than expected. We can do this while growing the economy by limiting pollution and rewarding new and better ways to cut pollution.

Performance-based policy and environmental integrity

The most straightforward way to cut carbon is to put a **clear enforceable limit on pollution** that guarantees the environmental outcome, while giving businesses flexibility to determine the best way to meet that limit. Ten U.S. states already have successful programs in place that take exactly this approach, and several others are moving in that direction.

Another approach, a **carbon fee**, also charges companies for polluting. But making companies pay for their pollution doesn't guarantee how much pollution they will cut. So for a fee to be effective, it must include an **"environmental integrity mechanism" (EIM)** or an environmental backstop that ties the fee to performance – and adjusts it, as necessary, to keep us on track to meet our environmental goals.

Both approaches would need to be combined with **policies that cut pollution from sources that don't react as well to price signals or that need more help to become cleaner.** Examples include appliance and building energy efficiency standards and vehicle electrification infrastructure, like charging stations on the highway.

We will also need **investment to advance the next generation of innovation**, just as the government invested to develop railroads, modern airplanes, and the Internet. Good policy should promote both **cleaner sources of energy and ways to absorb pollution.** We should reward the innovators that pull carbon from the sky, whether by new technologies like direct air capture or natural "carbon sinks" like forests and soils.

Regardless of the approach we take, the cornerstones of good policy design are the same: **clear and measurable pollution reduction goals, effective provisions to ensure they are met, and flexibility in how to meet them coupled with strong incentives to do it cheaply and efficiently.**

Environmental integrity also means preserving the ability of states and cities to take action – and, when necessary, to push further and faster than the federal government. It means preserving the Environmental Protection Agency's legal authority to protect the public from climate pollution and other dangerous air pollution. The landmark protections established under the Clean Air Act over its more than 40-year history have saved hundreds of thousands of lives and protected the health of our children and the most vulnerable.