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Response to policy interactions

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Four Points

● Point 1 : Synergy

Based on the three baseline for the power sector allowance tested in 2019, Our research finds that: When ETS policy plus subsidy for gas power generation policy, the carbon price from coal power to gas power is possible.

If just ETS policy alone, the carbon price from coal power to gas power is too high to be possible

● Point 2: Conflict

According to one assessment of EU ETS, the carbon price can reach above 40 Euro only under the Scenario of EU ETS alone, other Scenarios are to combine EU ETS with other policies.

● Point 3: Overlap

This situation is more common which increase the cost of implement and firms

● Point 4: Pay attention to sub-policies interactions

Policy: ETS

Sub-policy: CAP, Coverage, Allocation, Offset mechanism, Price stable mechanism

Behind the Policy Interactions

- Policy targets
- Policy drivers
- Policy transmission channels
- Policy stakeholders
- Policy makers
- Policy effect
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More policies , Higher cost for implement and firms

- Coordinate ?
- Integration ?
- Balance ?
- Withdraw ?
- Focus on one key policy ?
- Simple is better or complex is better ?