The “3s” of Cap and Invest Flexibility

ONE - TWO - THREE

INTRINSIC FLEXIBILITY
1. Trading
2. Banking
3. Multi-year Compliance periods (w/ limited borrowing)

PRICE-RESPONSIVE MECHANISMS
1. Auction Price Floor
2. Emissions Containment Reserve (ECR)
3. Cost-Containment Reserve (CCR)

EXPAND THE POOL OF ALLOWANCES
1. Regional — As many states as possible
2. Link to other Programs - e.g. RGGI?
3. Offsets?
IF THE UNEXPECTED HAPPENS

COST CONTAINMENT RESERVE (CCR) + EMISSIONS CONTAINMENT RESERVE (ECR)

If allowance prices higher than expected, CCR adds allowances

If allowance prices are lower than expected, ECR removes allowances