

Question 2. Allocation

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Should the costs of regulation be mitigated for any sector of the economy, through the allocation of allowances without cost? Or, should allowances be distributed by means of an auction? If allowances are allocated, what is the criteria for and method of such allocation?

The default should be that the polluter pays for the allowances, and as many of the allowances should be auctioned as possible with the revenue going to fund technological innovation, incentives for renewable energy and energy efficiency, subsidies for low income customers impacted by higher energy rates, and funding for climate change adaptation projects.

Congress should consider allocating some credits directly to companies or states to reward innovation or to fund adaptation projects, but it should not allocate credits to industries that bear a historical responsibility for global warming to reduce the cost of compliance. Instead, it should seek to fund development and implementation of technological innovation to reduce the impact on polluting industries and generate economic growth.

Congress should not waste any further taxpayer resources on nuclear power. Nuclear energy is not safe, renewable or economical. Nuclear energy programs are used to develop weapons programs, destabilizing the world. The nuclear industry will benefit from the creation of a trading program. Congress should not further reward the industry by allocating any credits or directing any subsidies to the nuclear industry. Numerous studies have show that money spent on the nuclear industry would be much better spent on efficiency or renewable energy.