



FCNL's Carbon Pricing Principles

Carbon pricing is a powerful tool that should be part of a broader suite of climate solutions. As the national dialogue on carbon pricing advances, these principles guide FCNL's advocacy.

Enact a Price on Carbon High Enough to Drive Reduction in Greenhouse Gas Emissions

The price on carbon should be high enough to help the United States shift to net zero emissions by 2050. To achieve this outcome, the price must increase over time so that markets will shift toward cleaner energy. This price should be paid "upstream" at the point of extraction — at the well or mine.

Prevent "Leakage"

An effective carbon price must ensure that heavily polluting industries do not move their operations overseas to escape paying the tax, also known as "leakage." Leakage can be prevented by implementing a border adjustment tax or similar mechanism, ensuring that legislation reduces and does not simply displace greenhouse gas pollution.

Reporting and Transparency

To ensure that the United States reaches emissions reductions goals, measuring, reporting, and verifying needs to take place at both the facility and the national level. Each power plant, factory, and waste disposal site must supply this data, and it also needs to be calculated nationally to determine whether or not the emissions reductions goals are being met.

Course Correction

If the set price is not sufficiently driving down emissions, the price should increase. For example, if the overall goal is an 80 percent emissions reduction by 2050, incremental short-term goals should be set at 2- or 3-year intervals. If these short-term goals are not met, the price would increase, until the overall goal is met.

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Protect Vulnerable Communities

FCNL encourages a collaborative, bipartisan process that includes a diversity of perspectives, including those of frontline and vulnerable communities.

Specifically, we are concerned about policy impacts on communities of color, rural communities, Tribal nations and indigenous communities, undocumented persons, those who are disabled or struggling with chronic health conditions, those most at risk from climate impacts and extractive industries, those not living in the wage economy, and those living in poverty.

The carbon price should follow a “polluter pays” philosophy, ensuring that costs are not borne by the most vulnerable. Revenue generated could be used to negate climate impacts to vulnerable populations, for example by helping low- and middle-income households offset increased energy costs, increase community resilience to climate impacts, and facilitate a just transition to renewable sources of energy.

Invest in an Affordable Clean Energy Future

Revenue from a price on carbon should also be invested in clean energy research, development, and efficiency. This investment will drive emissions reductions while also creating green jobs and stimulating the economy.

Regulatory Changes

FCNL believes regulations are a necessary and vital tool to reduce U.S. emissions. If legislation includes a regulatory moratorium, there must be an environmental integrity mechanism to ensure that the moratorium is lifted if the carbon fee is not effectively and quickly reducing emissions.

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