# Benefits of a Carbon Dividend Plan

ConocoPhillips

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**In 2018, ConocoPhillips joined the Climate Leadership Council (CLC) as a Founding Member to engage in dialogue about how to best address the dual challenge of managing the risks of climate change, while delivering the energy supply essential to human progress.**

We believe that the most effective method of reducing greenhouse gas emissions across the economy is through enactment of a well-designed price on carbon. That's why we support CLC's economy-wide carbon fee and dividend plan, which aligns with our public policy principles. Along with the CLC and a diverse coalition of business, opinion and environmental leaders, ConocoPhillips advocates for a cost-effective, equitable and politically viable federal carbon dividend plan.

Specifically, ConocoPhillips supports a carbon dividend solution known as the Baker-Shultz Plan, contingent on four interdependent pillars:

## 1 A gradually rising carbon fee

An escalating carbon fee offers the most cost-effective climate policy solution, sending a powerful price signal to steer businesses and consumers towards a low-carbon future aligned with the Paris Climate Agreement goals. Accordingly, the first pillar of the plan is an economy-wide fee on $CO_2$ emissions starting at $40 per ton and increasing annually by 5 percent above the inflation rate.

## 2 Carbon dividends for all Americans

Proceeds from the carbon fee will be returned to the American people on a quarterly basis, with a family of four receiving approximately $2,000 in carbon dividend payments in the first year. The U.S. Department of the Treasury projects that the vast majority of American families will receive more in carbon dividends than they pay in resulting increased energy costs.

## 3 Simplified regulations for businesses

Regulations that would no longer be necessary upon enactment of a rising carbon fee would be streamlined. In the majority of cases where a carbon fee offers a more cost-effective solution, regulations would be paused and only reinstated if the U.S. does not meet its emissions targets. This regulatory simplification will be contingent on the continued presence of a carbon fee. Trading complex regulations for a simple and clear carbon price will reduce emissions and promote economic growth by providing business with the certainty and flexibility it needs to justify investments in innovations that would help drive a low-carbon future.

## 4 Level the playing field and promote U.S. competitiveness

A well-designed system of border carbon adjustments would enhance the competitiveness of American-based firms that are typically more energy-efficient than their foreign competitors, while preventing carbon leakage. Carbon-intensive U.S. exports to countries without comparable carbon pricing systems would receive rebates for carbon fees paid, while carbon-intensive product imports from such countries would be charged fees based on their carbon content.

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## The Benefits

**Cuts U.S. carbon emissions in half by 2035**
If implemented in 2021, this plan would enable the U.S. to meet and even exceed the 2025 Paris climate commitment. By 2035, it would cut U.S. carbon emissions by 50 percent from 2005 levels, according to the environmental research firm, Resources For The Future.

**Makes the vast majority of Americans financially better off**
This plan aligns the economic interests of American citizens with climate progress by providing the vast majority with more in carbon dividends than they would pay in increased energy costs, while also reducing emissions.

**Unites all sides in the climate debate**
The carbon dividends solution is the only national proposal backed by business and environmentalists alike. Multiple national surveys confirm the popularity of a carbon dividends solution across political party lines and among all demographic groups.

**Unlocks American innovation**
Economists agree that a carbon fee would encourage clean energy innovation and create demand for low carbon technologies. In exchange for a steadily rising carbon fee, this plan would remove carbon regulations that are no longer necessary. Its regulatory streamlining would provide business with the certainty and flexibility needed to justify long-term investment in a variety of industries, including energy.

**Grows our economy without growing government**
A common public concern is that solving climate change would be costly, requiring higher taxes and larger deficits. In contrast, the carbon dividends plan would be revenue-neutral. It would “finance” the transition to a low-carbon economy by incentivizing individual and corporate behavior and leveraging the private sector’s extensive resources. Ending the cycle of on-again, off-again carbon regulations would also promote economic growth.

**Compels other nations to act**
Enactment of the carbon dividends plan would put America in the driver’s seat of global climate policy, establishing powerful economic incentives that would encourage other leading emitter nations to follow America’s lead. Those that did not would have to pay import fees on the carbon content of their exports to the United States.

**Protects future generations**
With a balanced, step-by-step approach, America can successfully address climate change, protect the health and safety of future generations and ensure the energy supply necessary for human progress. Americans would gain cleaner air, enhanced energy security, greater economic investment, technological innovation and access to exciting new careers.