**Document :** Philibert C. ; 2009, France, *“*Assessing the value of price caps and floors*”, Climate Policy 9 (2009), International Energy Agency.*

The article assesses the long term economic and climatic effects of introducing price caps and price floors in a global climate change mitigation policy.

The main focus of the paper is forecasting the economic cost and the GHG reduction efficiency of several greenhouse gases mitigation strategies. According to the statistical models described in the article the general conclusion is that carbon price caps and floors are useful in order to both obtaining more ambitious results (in GHG reduction) and developing new technologies.

**Arguments for and against a minimum carbon price (price floor)**

|  |  |
| --- | --- |
| **FOR** | **AGAINST** |
| “Price floors would help maintain, in probabilistic terms, the emission outcomes of mitigation policies, and would have long-lasting effects on abatement costs through technology development” (see page 613) | \* |
| “Targets, price caps and price floors might thus possibly be arranged to lead to similar or even better climate results, in probabilistic terms, than rigid targets, while still reducing expected costs” (see page 613) | \* |
| “Price floors increase the costs attached tosome targets, but contribute to keeping the costs low in achieving a given environmental result” – “Tighter targets with price caps and price floors entail lesser economic risks and similar or slightlybetter climate results” (see page  | \* |