

## Recommendation Options:

(Note: This list is not necessarily comprehensive. Names in parentheses are declared supporters of given option as of 3 November)

### 1. Allowance Distribution Method

- a. Free Allocation vs. Auctioning
  - 100% auctioning from outset? (*Barger*)
  - < 100% auctioning in short run, 100% in long run? (*Knittel, Boyce*)
  - 100% free allocation from the outset?
- b. Method for Free Allocation (if applicable)
  - exogenous? (*Bushnell, Knittel*)
  - updating?
    - if so, what form?
- c. Method for Auctioning (if applicable)
  - sealed bid or multiple round?
  - uniform price or discriminating price?
  - other features?
- d. Use of Intermediaries (such as LDCs)?

### 2. Allowance Value Provision

(for each of these options, need consider the time-profile (increasing or constant or decreasing emphasis through time?))

- a. compensation?
  - if so, to which parties?
    - to industry (shareholders)?
      - if so, which ones? (*Knittel (highly qualified)*)
    - to displaced workers? (*Barger, Boyce – “transitional” use*)
    - to disproportionately affected consumers (low-income households)? (*Barger*)
    - to communities experiencing increased pollution?
- b. dividends to public? (*Barger, Boyce – “final” use*)
- c. investments and other public expenditure?
  - if so, which type of investment or expenditure?
    - environment-related:
      - funding to support adoption of existing clean technologies
      - funding to support invention of new clean technologies
      - funding for environmental remediation and adaptation
    - support for new infrastructure
    - other capital investments
    - investments in job training (*Boyce – “transitional” use*)
    - investments in disadvantaged communities (*Boyce – “transitional” and “final” use*)  
(e.g., Community Benefit Fund)

- transfers to regional or local government agencies (equivalent to tax reduction below if the transfer is at state agency level) (*Boyce – “final” use (but small share)*)
- other public expenditure

d. tax reduction (devote auction revenue to state Treasury)? (*Goulder, Knittel*)