



Netherlands Environmental Assessment Agency

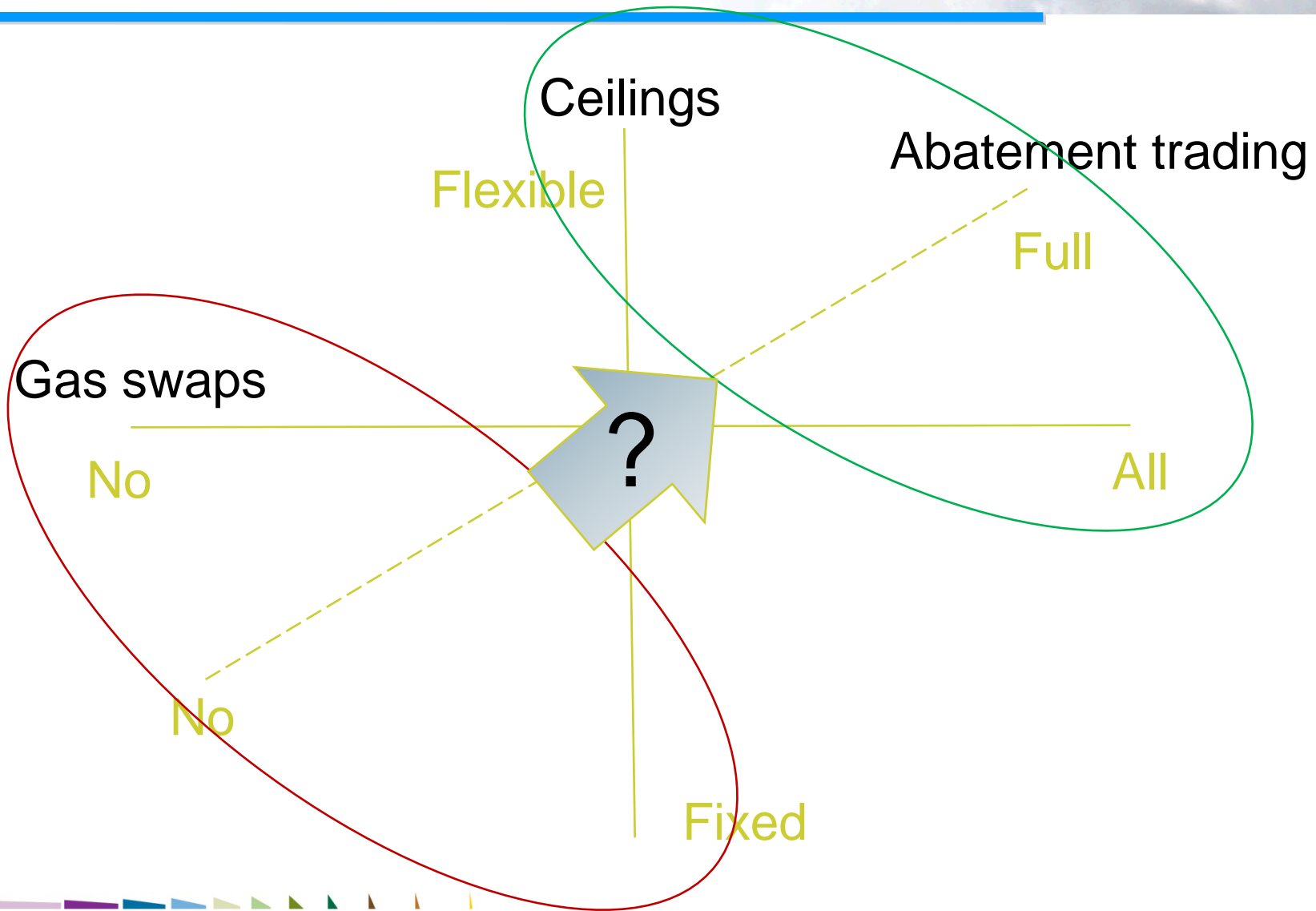
# **Towards Flexible Air Quality Regulation? Comments on Andrew Kelly**

TFIAM workshop  
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# Flexibility: discussion on 3 dimensions



# Flexibility : current approach EU

- Ceilings
  - NEC limits on emissions at country level
  - IPPC regulation of sources
  - Local air quality standards
- Gas swaps
  - Not possible under NEC
  - Not allowed under Air quality bubble
- Abatement trading
  - Top down cost effective standards setting
  - No 'bottom-up' trading
  - Exceptions: Dutch NOx

# Flexmex: options evaluated

- List of options complete?
  - Missing e.g. no NEC; only IPPC to control local air quality
  - Flexible multi-gas tradeable permit system
  - ???
- What is the best option?
  - See scheme p.10: not yet convincing!
  - Ranking requires CBA of different Flexmex options:
    - i) is  $B_i > C_i$  ?
    - ii) for what option is  $(B_i - C_i)$  largest?
- What is on the table in this flex case?

# Flexibility : cba of flex options

- Potential benefits
  - Abatement cost savings
  - Dynamics (US SO<sub>2</sub>-tdp triggers reliability techniques)
  - Could account for local differences, scientific uncertainties, etc
- Potential cost
  - Health risks (local 'hot spots')
  - Ecological risks (tipping points)
  - Transaction costs (complexity)
- Complication: interaction with ETS ('s?')
- First shot: where is flexibility precisely located?

# Flexmex: where flexibility?

	Ceilings	Gas swaps	Abatement
Bubble IT	No	No	Yes
Sectoral IT	No	No	Partly
Sectoral EE	Partly?	No	No
Split Amb T	Yes	No	No
Nat Offset T	No (overall)	Yes	No
Relative Em T	Yes	No	Yes
Temporal All Flex	Temporally	No	No
Effect Cancel Inv	No	No	If linked to effect
Compliance Test F	Perhaps	Perhaps	No