

Home > Blogs > Energy

Recommend Sign Up to see what your friends recommend.

life:blogs

How Does Cap and Trade Work?

Quickly Understand Cap and Trade Through Infographics

By Maryruth Belsey Priebe

June 30th 2011

If you have ever scratched your head trying to understand what a cap and trade system would look like in the real world, then you'll appreciate this new set of infographics about [Cap & Trade](#) by [Wellhome](#).

Here are some of the basic points made about cap and trade:

- Limits (or caps) are set on the total emissions permitted within a given time period
- Limits may or may not become more limited over time
- Caps usually apply to industry and the oil and gas sectors, producers of polluting substances, distributors whose consumption generates emissions, as well as states or nations
- Allowances are distributed giving entities the right to emit certain amounts of greenhouse gas emissions
- Emissions are monitored and penalties enforced if emissions exceed the set limits
- Entities can either use up their allowances or trade them with another company that needs more
- The price for trading or selling allowances is set by the market
- The system works because of financial incentives to regulate polluting emissions



As you can see, in some ways a cap and trade system is just a much more elaborate [carbon offsetting](#) scheme set up by government for curbing emissions by industries and utilities.

But not everyone is in favor of cap and trade. If you'd like another, more critical, but equally visual explanation of how cap and trade works, check out [The Story of Cap and Trade](#), another helpful Annie Leonard presentation explaining the ins and outs of trading carbon and how the system may not be all that it is cracked up to be. Also check out our [cap and trade definition](#) to learn more about the pros and cons.

You decide where you stand on the issue! Join the conversation.

ShareThis

Recommend Sign Up to see what your friends recommend.

Comments

more about:

Energy

- Home Energy Monitor Overview
- New TV Standards Help Save Energy
- Impacts From Non-Renewable Energy
- Efficiencies and Energy Consumption
- [How Does Cap and Trade Work?](#)

Like 26K

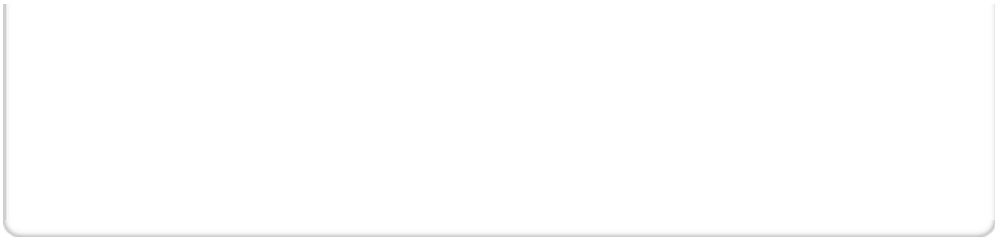
We love fans!

Stay Connected.



Get your **ecolife** fix.

Get our weekly email newsle



Categories

Home Living
Travel & Leisure
Garden
Transportation
Recycling

Beauty & Fashion
Health & Food
Parenting
Home Energy & Reno
Blog

Information

About Us
Write for Us
Advertise with us
Contact Us
Site Map

Stay Connected



Copyright © 2011 ecolife.com - an Eco Lifestyle Network Company

Like ecolife on Facebook & Google, and join us in the Green movement!

