

Spillover Benefits of Carbon Dioxide Cap and Trade: Evidence from the Toxics Release Inventory

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Abstract

We show how a regional cap and trade program designed to regulate carbon dioxide emissions affects the release of metals and other federally-regulated toxins in the Toxics Release Inventory. We find that toxic releases at electric utility facilities in the regulated states fell by 87-94% relative to plants outside the cap-and-trade system and that metal releases are particularly affected. We further find no spillover effects in neighboring non-adopting areas. The co-abatement of harmful compounds due to the new carbon dioxide permit system shows that such policies can have unintended positive effects.

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