

GLOSSARY

1. Pollution charge

A fee that varies with amount of pollutants released

2. Product charge

A fee added to the price of a pollution generating product based on its quality of some attribute responsible for pollution.

3. Pigouvian tax

A unit charge on good whose production generates a negative externality such that the charge equal the marginal external cost of QE

4. Emission or effluent charge

A fee imposed directly on the actual discharge of pollution

5. Abatement equipment subsidy

A payment aimed at lowering the cost of abatement technology

6. Pigouvian subsidy

Per unit payment on a good whose consumption generates a positive externality such that the payment equals the MEB at QE

7. Deposit/Refund System

A market instrument that imposes an upfront charge to pay for potential damages and refunds it for returning a product for proper disposal or recycling.

8. Polluting permit trading system

A Market instrument that establish a market for rights to pollute by issuing tradable pollution credits or allowances.

9. Pollution credits

Tradable permits issued for emitting below are established standard.

10. Pollution allowances

Tradable permits that indicate the maximum level of pollution that may be released.