

## Abstract

Cap and auction schemes have garnered increasing attention in recent years and have been proposed in both the Vermont and United States Senate. The issue with these scenarios remains: should auction revenue be allocated as dividends to each citizen or as investment into public goods? This paper seeks to assess how a carbon cap and auction within Vermont's proposed Common Asset Trust (VCAT) would impact scale, distribution, and efficiency in Vermont and globally. Climate scientists almost unanimously agree that global ecological carbon levels must be stabilized; the most widely accepted predictions of maximum carbon concentrations being 350 ppm CO<sub>2</sub> and 450 ppm CO<sub>2e</sub>. However, current dependence on fossil fuels requires that emissions remain above these levels. New energy technologies are necessary to bridge the gap between the necessary emissions to meet basic needs and global ecological carbon limits, but they must be developed and adopted as quickly and widely as possible. Relying on market competition to develop these technologies will slow information dissemination, as market competitors are unlikely to share information. Furthermore, patents will raise the price of information as well as slow the advance of knowledge. The only way VCAT can address the scale of climate change using a state-level mechanism is to fund the collaborative development of open access clean energy technology to expedite the advancement and dissemination of knowledge. Investing in and developing such technologies could still provide basic needs while respecting ecological carbon limits, whereas dividend expenditure or proportional increases in current public spending can negate almost a quarter of a carbon cap through private carbon energy consumption. This paper offers recommendations to achieve varying goals, but warns against trying to adopt too many desirable ends.