EE375 Applied Economics for Natural Resources and Environment
Semester 1/2021 (August 9 - November 27, 2021)
Instructor: Dr. Supawan Saelim

THAMMASAT

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Quiz 3

(5 points)

Time: 29 October 2021 at 14:50-15:20 (30 minutes)

There are 2 questions. You need to answer all two questions. Please **submit** your answers in a PDF file with a file name "**Quiz3_StudentID_FirstName Surname**" via BE Moodle class before **15:30**.

Question 1: (2.5 points)

"Thailand will formally announce a new pledge to achieve carbon neutrality by 2065 at the COP26 in UK in November 2021."

a. What could be the reasons driving Thailand to set carbon neutrality target at COP26?
b. What policies could be used to achieve carbon neutrality in Thailand?

Question 2: (2.5 points)

"A cost-effective allocation of a uniformly mixed fund pollutant is where marginal costs are equalized for all sources or firms." Do you agree with this statement? Explain the reasons supporting your answer.

Question 1

a) The reasons that drive Thailand to set carbon neutrality target at COP26 are
firstly, Thailand is said to be more of a technology consumer rather than innovator so this makes Thailand to have less ability to tackle with climate change comparing to other countries with high technology capacity.
Also the carbon reduction target has not been reached in Thailand. Thailand is one of the countries that has less potential to tackle with climate change and the ecosystems are needed to be protected and restored in order to avoid loss of homes and lives in the future. Thailand's seeing the necessity of setting carbon neutrality in order to prevent significant loss in the future.

b) the policies can be the followings:
- Cap and trade systems, setting the maximum level of carbon emission that can be emitted, allowing to trade the permits. such as the company with high carbon emission can buy the permits from the company that emits the carbon below their cap
-putting a tax on carbon emission or carbon tax to incentivize the consumer to reduce carbon emission and conserve more energy

Question 2

Yes, as the cost effective allocation will be controlling the total amount of emissions that minimizing the cost of control. At efficient allocation, the quantity of emission reduced has to be equal with the marginal cost.
For example there are two sources, it needs to reduce 15 units for cost effective allocation then the efficient allocation will be that source 1 has to reduce 10 units and source to has to reduce 5 units so in total the two sources will reduce 15 units at the same marginal cost. Reducing emission at the same marginal cost.