

The Hong Kong University of Science and Technology
Dept of Information Systems, Business Statistics
and Operations Management
Seminar Announcement



When Should the Regulator Allow/Prohibit Inter-Temporal Transfer of Emission Permits?

by

Mr Xingyu Fu

PhD candidate

Operations Management

ISOM, HKUST

Date : **15 October 2021 (Friday)**
Time : **10:30 - 11:45 AM**
Venue : **Room 4047, LSK Business Building**



Abstract:

Emission permits are widely adopted to combat climate change and regulatory authorities sometimes allow for the inter-temporal banking and borrowing of emission permits so that firms can flexibly respond to market uncertainties. We find that such time flexibility may lead to poor social performance, especially when the production cost fluctuation is sufficiently large. This result is failed to be captured by the classic simplified assumption where firms cannot sub-exercise emission permits. Furthermore, we demonstrate that the inter-temporal permits transfer should be prohibited when the market is at the red ocean stage or when the pollutant generated relatively instant damage. Lastly, we analyze some restricted permits transfer policies such as transfer discount and transfer cap, which are shown to dominate both the taxation and the non-transferable permits in terms of social welfare.

[\(click this link to paper\)](#)

Bio:

Xingyu Fu is a second-year Ph.D. candidate in Operations Management at the Department of Information Systems, Business Statistics, and Operations Management at the HKUST Business School, supervised by Prof. Ying-Ju Chen and Prof. Guillermo Gallego. Xingyu obtained a bachelor's degree in mathematics from Sun Yat-sen University in 2019. His research primarily focuses on sustainable and socially responsible operations, such as environmental regulation and public facility provision. His other research interest includes operations under new business mode and OM-marketing interface.

All interested are welcome!
Enquiries: Dept of ISOM