Teacher Answer Key

Case Study

1. The carbon tax shifted fossil-fuel supply inward (higher prices) while renewable subsidies shifted renewable supply outward (lower costs), collectively steering consumption toward cleaner energy.

2. Grants and vouchers offset the regressive burden of higher energy prices, ensuring low-income households gained affordable transit and energy-efficient homes.

Multiple Choice

1. D

2. A

3. C

Matching

1-D, 2-E, 3-B, 4-A, 5-C

Fill-in-the-Blank

1) upward, 2) non-rivalrous, non-excludable, 3) efficiency, equity

Short Answer (Sample Responses)

Q1: Higher carbon costs reduced fossil-fuel use; subsidies made renewables more financially attractive, boosting capacity.

Q2: Targeted grants mitigated low-income impacts and built public support by providing tangible benefits.

Q3: Price controls impose fixed caps or floors, often creating shortages or surpluses; corrective taxes adjust behavior via incentives, avoiding rigid price limits.