$$\text{Utility } U_i = \overbrace{u_i y}^{\text{Resource}} - \overbrace{\left(\bar{u} - u_i\right)\tilde{w}_i}^{\text{Wage}} + \overbrace{\left(R_i - u_i\right)\phi}^{\text{Tradable use rights}},$$

$$\dot{u}_i = \frac{dU_i}{du} = y - \left(\tilde{w}_i + \phi\right)$$

$$\text{supply} = \max\left(0, \sum_i R_i - u_i\right),$$

$$\text{demand} = \sum_i \begin{cases} \min\left(\dot{u}_i, \bar{u} - \left(u_i + \dot{u}_i\right)\right) & \text{if } \dot{u}_i > 0, \\ 0 & \text{otherwise.} \end{cases}$$

$$\dot{\phi} = \pi\left(\text{demand} - \text{supply}\right),$$

$$\text{incentives } \gamma = \tilde{w}_i + \phi$$