Carbon Pricing: Signs of Bipartisanship
EEE Forum – February 26, 2018

1. Brief Overview of Carbon Pricing: What, Why, Who

   – *David Carlson*
2. Citizens' Climate Lobby, Climate Solutions Caucus, federal legislative update, and state action – *Kathleen Wells*
3. Climate Leadership Council and other conservative-based NGOs – *Douglas Alde*
4. Limitations of Carbon Pricing and the Need for Carbon Dioxide Removal

   – *Paul Belanger and Ron Larson*

Special thanks to Phil Nelson, CCL Golden Chapter leader,
for providing several of the slides shown today

1. Pricing Carbon: A *Very* Brief Overview

Three basic questions

- What, exactly, is carbon pricing?
- Why put a price on carbon?
- Who supports carbon pricing?

The big idea behind carbon pricing

What if the cost of carbon emissions was instead paid at the source, where choices about fuel use are made? How would that change the incentive structure underpinning our global reliance on fossil fuels?

That's the idea behind carbon pricing. It shifts the social costs of climate change to the source of the pollution, encouraging polluters to reduce emissions and invest in clean energy and low-carbon growth.

--Carbon Pricing Leadership Coalition (carbonpricingleadership.org)

What is carbon pricing? *Why* do it?

Carbon pricing is a way to capture the costs of carbon emissions that the public pays for in other ways—such as damage to crops and health care costs from heat waves and droughts and damage to property from flooding and sea level rise.

Instead of dictating who should reduce emissions where and how, a carbon price gives an economic signal and polluters decide for themselves whether to discontinue their polluting activity, reduce emissions, or continue polluting and pay for it.

--adapted from the Carbon Pricing Leadership Coalition website

At present, the market price of fossil fuels does not include

- Environmental degradation of a warming planet
- Increases in extreme weather (“natural disasters”)
- Health impacts
- Reduced crop yields
- National security costs

To reduce emissions:

Command and Control:
Order emitters to install equipment

Economic incentives:
Put a price on carbon

What is the "social cost of carbon"?

"The global 'social cost of carbon' (SCC) is the marginal cost to society of carbon dioxide emissions. Specifically, it is the present value of all future damages to the global society of one additional metric ton of carbon dioxide-equivalent greenhouse gasses emitted today."

--from "Expert Consensus on Economics of Climate Change" Survey

<u>2013 EPA estimate</u>: \$37/metric ton (equivalent to \$0.33/gallon surcharge on gasoline, if all costs were passed on to consumers)

Price on Carbon – Putting the Market to Work

	Cap and Trade	Carbon Tax
Emissions	Declining emissions cap set by government	Emissions volume based on market
Price	Price based on market	Rising price set by government

http://priceoncarbon.org/pricing-mechanisms/

Putting a price on carbon emissions can be done by principally two methods: Cap and Trade and Carbon Tax. The essential difference between the two methods is where the government control is set and where the market control is set, as shown in the table. Hybrid models using elements of either are also possible.

Who supports carbon pricing?

- Economists
- Countries
- Corporations
- Academic Institutions
- States and cities
- NGOs (Nongovernmental Organizations)

Economists' Statement on Climate Change (1997)

"... The most efficient approach to slowing climate change is through market-based policies. . . . The United States and other nations can most efficiently implement their climate policies through market mechanisms, such as carbon taxes or the auction of emissions permits."

--signed on March 29, 1997 by more than 2500 economists—including 9 Nobel Prize laureates--before the Kyoto Protocol was endorsed on December 11, 1997 (see rprogress.org/publications/1997/econstatement.htm)

“Expert* Consensus on Economics of Climate Change” (2015 Survey)

75% of respondents believe that the most economically efficient way for states to comply with the EPA’s “Clean Power Plan” carbon regulations is through “market-based mechanisms coordinated at a regional or national level (such as a regional/national trading program or carbon tax).”

*--*economists who have published an article related to climate change in a highly ranked, peer-reviewed economics or environmental economics journal since 1994.*

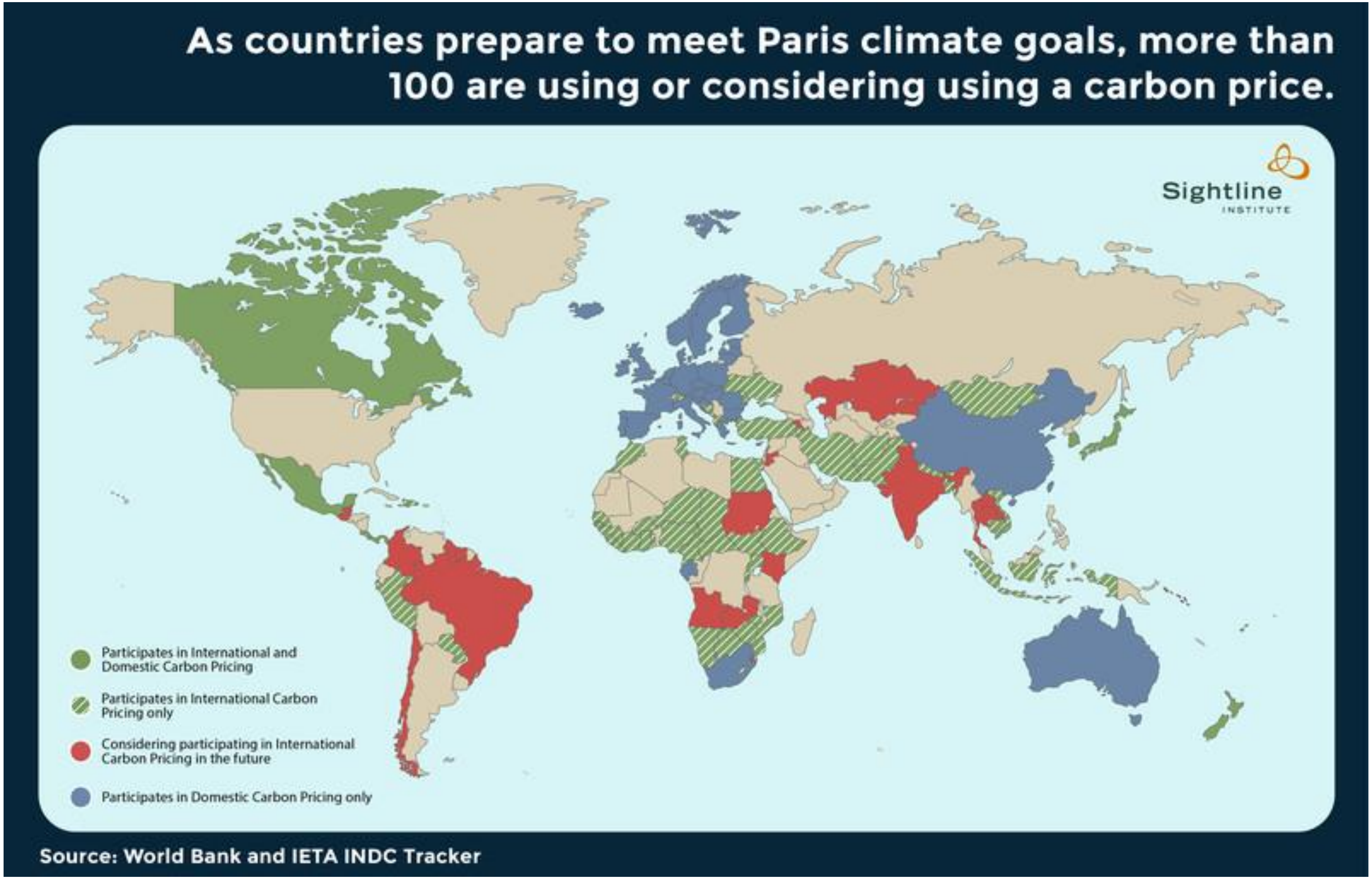
--survey conducted by the Institute of Public Integrity, NY University School of Law.

“Expert Consensus on Economics of Climate Change” (*some other results*)

- 81% believe that the U.S. may be able to induce other nations to reduce their greenhouse gas emissions by first adopting policies to reduce U.S. emissions.
- 77% support *unilateral* emissions reduction commitments by the U. S., regardless of the actions other nations have taken.

40 countries are making polluters pay for carbon pollution. Guess who's not.

David Roberts, Vox, 16 June 2017



Big Oil CEOs support Carbon Pricing: 2015 letter to U.N. Framework CC Convention

"Our industry faces a challenge: we need to meet greater energy demand with less CO2. We are ready to meet that challenge and we are prepared to play our part. We firmly believe that carbon pricing will discourage high carbon options and reduce uncertainty that will help stimulate investments in the right low carbon technologies and the right resources at the right pace. We now need governments around the world to provide us with this framework and we believe our presence at the table will be helpful in designing an approach that will be both practical and deliverable."

--signed by 4 of the 7 oil & gas "supermajors" (BP pic, Eni S.P.A., Total SA, and Royal Dutch Shell) plus Statoil ASA and BG Group

The future of energy – opportunities and challenges

Darren Woods, CEO Exxon Mobil

"Governments can help advance the search for energy technologies by funding basic research and by enacting forward-looking policies. <u>A uniform price of carbon applied consistently across the economy is a sensible approach to emissions reduction. One option being discussed by policymakers is a national revenue-neutral carbon tax</u>. This would promote greater energy efficiency and the use of today's lower-carbon options, avoid further burdening the economy, and also provide incentives for markets to develop additional low-carbon energy solutions for the future."

Energy Factor, a publication of Exxon Mobil, 23 Feb 2017

30 college and university presidents endorse carbon price

Blog at Citizens Climate Lobby, 9 May 2017

It is time for the United States to lead on this defining issue of our time, and protect the health and well-being of current and future generations. By making carbon-intensive industries pay a fair share of the costs of their pollution, we will have cleaner air and healthier communities, and prevent the most devastating effects of climate change. We therefore ask our elected officials to proactively work to enact a carbon price on the state and national level.

Signers of carbon pricing endorsement letter

- Leon Botstein, Bard College
- Robert Goldberg, Barnard College
- Mariko Silver, Bennington
- Dianne Harrison, California State University Northridge
- Gayle E. Hutchinson, California State University, Chico
- Robert S. Nelsen, California State University, Sacramento
- David Finegold, Chatham University
- Brian W. Casey, Colgate University
- Katherine Bergeron, Connecticut College
- Neil Weissman, Dickinson
- Lee Pelton, Emerson
- Marco Valera, Fordham University
- Daniel R. Porterfield, Ph.D., Franklin & Marshall College
- Robert Allen, Green Mountain College
- Kim Benston, Haverford College
- Lewis E. Thayne, Lebanon Valley College
- Jo Ann Rooney, Loyola University Chicago
- Brian Rosenberg, Macalester
- John I. Williams, Jr., Muhlenberg College
- Melvin L. Oliver, Pitzer
- David Oxtoby, Pomona College
- Wim Wiewel, Portland State University
- Thomas J. Schwarz, Purchase College, SUNY
- Kathleen McCartney, Smith College
- Valerie Smith, Swarthmore
- Dr. Melik Peter Khoury, Unity College
- University of California Berkeley
- Andrew J. Leavitt, University of Wisconsin Oshkosh
- Jon Chenette, Vassar
- Paula A. Johnson, Wellesley College
- Michael S. Roth, Wesleyan

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