

Environmental, Science Groups Support Administration Efforts to Determine the Costs of Carbon Pollution

Groups submit public comments in favor of using “social cost of carbon” to estimate economic risks of climate change

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February 26, 2014—The Obama Administration has arrived at a scientifically sound estimate for the rising costs of carbon pollution, according to Environmental Defense Fund (EDF) Institute for Policy Integrity (Policy Integrity) Natural Resources Defense Council (NRDC) and Union of Concerned Scientists.

The groups jointly submitted [public comments](#) to the White House Office of Management and Budget (OMB) in support of using the “social cost of carbon” to estimate climate change-related economic damages.

“The Obama Administration has provided strong leadership with an initial, sound calculation for how much carbon pollution costs the public,” said Laurie Johnson, NRDC’s Chief Economist. “The careful analysis this administration has undertaken is an important contribution to understanding the economic stakes of climate change.”

More wildfires, flooding, and the spread of infectious diseases are some of the risks of a warming planet. These kinds of disasters would impose costs of hundreds of billions of dollars onto the public. Individuals and governments would pay for even a small rise in global temperatures through increased food prices, insurance premiums, doctors’ bills, and emergency aid.

The social cost of carbon aims to estimate some of the damages caused by each ton of carbon dioxide emitted into our air. It uses cutting-edge research and economic modeling to place a monetary value on climate risks (as well as potential benefits like lower heating costs).

The joint comments submitted today are in response to OMB’s [request](#) for feedback on the government’s social cost of carbon, which is currently set at \$37 per ton of carbon dioxide emissions. The groups say that is a scientifically sound estimate that captures many of the economic threats of a warming planet.

“Climate change is a threat to public health and safety, but it’s also a threat to our economy. We’ve known that climate change carries huge financial risks, but we’re just beginning to calculate the actual amount – to total up the bill for our carbon pollution,” said Gernot Wagner, EDF senior economist. “The social cost of carbon is an impressive effort to determine the true economic consequences of climate change.”

The comments also recommend improvements to the estimate that would incorporate additional climate-caused damages. Examples include the interrelated risks of pests, pathogens, and air pollution -- and their effects on food prices, insurance premiums and health care costs.

“Extreme weather events such as Superstorm Sandy, summer wildfires in Colorado, and widespread drought have given us a glimpse of what climate change could cost,” said Richard Revesz, Policy

Integrity's Director. "But the government's estimate of climate damage hasn't yet incorporated all of these costs. The Obama Administration should continue its rigorous work to evaluate these risks and include more of them into its social cost of carbon estimate."

To avoid unfairly draining the pocketbooks of the next generations, the joint comments also suggest using a lower "discount rate." The government's current discount rate is inconsistent with the developing consensus among economists that the appropriate rate should be much lower.

Three of the groups (EDF, Policy Integrity, and NRDC) also unveiled the beta version of [a new website](#) today — part of their Cost of Carbon Pollution project. The project will marshal the best economic research to report on the price of climate change threats. A series of papers and blog posts will quantify the costs to the public of wildfires, storm surges, and other consequences of a rise in global temperatures. The site will also serve as a hub for academics who research this topic, offering a clearinghouse of scientific and economic research.

In March, the website will add an inaugural report titled *Omitted Damages: What's Missing from the Social Cost of Carbon*. The report will take a deeper look at the government's \$37 per ton estimate and some of the costs of climate change not currently included in the estimate.

The groups' joint comments to OMB can be read [here](#). The beta version of the Cost of Carbon Pollution website can be found [here](#).

An electronic version of this release can be found [here](#).

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The Institute for Policy Integrity at New York University School of Law (policyintegrity.org) is a non-partisan think-tank using economics and law to protect the environment and public health. Follow us on Twitter @PolicyIntegrity

The Natural Resources Defense Council (nrdc.org) is an international nonprofit environmental organization with more than 1.4 million members and online activists. Since 1970, our lawyers, scientists, and other environmental specialists have worked to protect the world's natural resources, public health, and the environment. NRDC has offices in New York City, Washington, D.C., Los Angeles, San Francisco, Chicago, Bozeman, MT, and Beijing. Follow us on Twitter @NRDC.