



Institute *for*
Policy Integrity

NEW YORK UNIVERSITY SCHOOL OF LAW

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**Colorado Senate
Public Utilities Commission Sunset Hearing Testimony**

Thank you, madam chair and committee members. My name is Jason Schwartz; I'm the Legal Director at the Institute for Policy Integrity, a non-partisan think tank. Our team of economists and lawyers has been advising states to improve the efficiency and fairness of their energy policy decisions by internalizing the public health and welfare impacts of climate pollution. We've catalogued the efforts of states like Nevada, New York, California, Minnesota, Illinois, and others on our website, costofcarbon.org, and today I urge you—as you consider reauthorizing the Public Utilities Commission—to help Colorado keep its place among the states leading on rational energy policy, by requiring the Commission and the utilities it regulates to weigh the social costs of pollution in their decisions.

Fossil fuel generators too often receive an inefficient and unfair advantage in comparisons against clean generators and energy efficiency resources: fossil fuel generators get to externalize and ignore the public health and welfare costs of their pollution. But those costs are very real and damaging to the Coloradoans who end up paying for the pollution: the costs of premature deaths and asthma attacks from particulate emissions, the costs to fetal brain development of mercury emissions, and the costs of climate change. Coloradoans are today paying the costs of climate pollution, in the form of more dangerous wildfires, more invasive pests, more extreme floods, more temperature and precipitation extremes that hurt agriculture, and declining snowpack that the National Climate Assessment predicts could become the norm and cause, among other severe effects, over \$2 Billion per year in losses to the U.S. ski industry.

Many of these important costs can be quantified. In 2009, the federal government's top economists and climate experts convened an Interagency Working Group on the Social Cost of Greenhouse Gases. Using the 3 most thoroughly vetted economic models that integrate models of atmospheric chemistry with models of economic

damages, they produced a conservative estimate: each ton of carbon dioxide causes about \$50 in climate damages. This estimate has been used in hundreds of federal and state proceedings, has been reviewed and endorsed by the National Academies of Sciences, and has even been required by some federal courts like the District Court of Colorado. Though it is still almost certainly an underestimate, it is, quite simply, the best estimate we have of the social cost of greenhouse gases.

Requiring the Commission and utilities to use a similar value will prevent the unfair externalization of those costs onto Coloradoans. Instead, using the social cost of greenhouse gas metrics will give the Commission the information it needs when selecting energy resource mixes to enhance public welfare. It will give Colorado's ratepayers and citizens the information they need to understand the climate consequences of the Commission's decisions. And it will encourage other states to follow Colorado's lead and consider the externalities of their emissions in ways that will also directly benefit Colorado.