

Commentary: Cutting SCC too costly

Measure of carbon dioxide damage crucial

By **Burcin Unel**, Commentary

Published 4:16 pm, Saturday, May 13, 2017

President Donald Trump's first months in office have featured several major attacks on environmental protection, including an executive order that aims to roll back key climate change policies, and other efforts to promote fossil fuels and diminish environmental safeguards. Surprisingly, one of Trump's targets is also facing opposition in the New York state Legislature.

Trump's recent executive order seeks to end the federal government's use of a metric known as the social cost of carbon (SCC), which is the best existing measure of the economic damages from carbon dioxide emissions. The SCC gives us a monetary estimate of the harm caused by each ton of carbon dioxide emitted, and policymakers use it to help evaluate the costs and benefits of policies. Developed by dozens of esteemed scientists and economists, based on peer-reviewed scientific research, the SCC's current value is roughly \$43 per ton.

New York, as a leader in energy policy, has embraced this metric in many recent landmark regulatory decisions. But now the state Public Service Commission is being wrongly attacked for using the SCC in its zero-emission credits (ZECs) program. If the Legislature halts this program, it would be a massive setback for climate change action in New York and around the country.

The PSC, as part of its efforts to reduce greenhouse gas emissions by 40 percent by 2030, decided to compensate nuclear plants for the zero-emission electricity they

generate using a formula based on the SCC. Critics call this program a nuclear "bailout," but it's really a step in trying to fix a broken energy market that allows excess pollution.

Economics tells us that when polluters do not have to pay for the damages their actions cause, we get too much pollution. This is the crux of the problem with carbon dioxide emissions from power plants. When fossil-fueled power plants are allowed to pollute without paying for the damages, they disregard the dire consequences of their actions. Economics also tells us that policymakers must take actions to correct this problem. Ideally, we would have an economywide carbon price to make all polluters pay for the full damage their emissions cause. But this would require congressional action. And regional efforts to price emissions, such as the Northeast's Regional Greenhouse Gas Initiative (RGGI) program, fall short of achieving this. The most recent RGGI price was \$3 per ton of carbon emissions, much lower than the SCC. This means that dirty generators pay for only a fraction of the damage they cause, and continue to operate without taking full responsibility for their emissions. This creates an unfair advantage for the fossil fuel industry at the expense of emission-free generators.

While the Trump administration is taking actions that make it even easier for coal plants to pollute, the PSC has been trying to put all energy resources on equal footing and eliminate any unfair advantage for the fossil fuel industry.

When regulators lack the ability to make the polluters pay fully, they have to turn to other tools, such as subsidies for cleaner alternatives. Nuclear plants, large scale renewable energy generators, and smaller scale distributed energy resources all can help avoid greenhouse gas emissions. Any such resource that brings climate benefits to the state should be compensated for these benefits. And, the correct value that should be used to monetize these benefits is the SCC.

The PSC has taken a critical step by using the SCC to value the benefits of low-carbon energy. Other states have since followed New York's lead, adopting similar policies. The commission was right to use the SCC, and abandoning this approach now could be a blow to climate change action in the state and around the country. More work is needed

in the state to fully, fairly, and more efficiently price carbon emissions for all energy resources. But if the Legislature votes to stop the use of the SCC as a tool to value emission-free energy, the nation will lose one of the most advanced and economically sensible efforts to fight climate change.

The social cost of carbon is a critical tool. Its use should be expanded in energy decision-making here in New York, and around the country. Especially while threats from the federal government against the environment mount.

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<http://www.timesunion.com/tuplus-opinion/article/Commentary-Cutting-SCC-too-costly-11144065.php>