

From: Science & Data Subcommittee

To: Vermont Climate Council

Subject: Recommendations Regarding Social Cost of Carbon

Dear Councilors,

The Science and Data subcommittee has reviewed the paper titled “Social Cost of Carbon and Cost of Carbon Model Review” submitted by technical consultant Energy Futures Group (EFG).

We recommend adoption of this report with regard to the Social Cost of Carbon, agree with its recommendations, and are pleased to forward it for your review. With regard to the review of the Cost of Carbon report produced by the Department of Public Service, we forward for your review but believe no further action by the full Vermont Climate Council is necessary.

Specifically, with regard to the Social Cost of Carbon, we recommend that the Vermont Climate Council and the State of Vermont should:

- 1) Value greenhouse gas emissions costs (and avoided costs) by utilizing a global damage-based estimation of the Social Cost of Carbon (SCC)¹, based on models developed for the New York Department of Environmental Conservation (NYDEC) by Resources for the Future.
- 2) Recognize that the NYDEC guidelines offer a range of possible discount rates that value future damages and cost of those damages and based on polling of the Science and Data Subcommittee and meeting attendees, that it is reasonable to utilize the SCC that was developed using the central discount rate of 2%. 2% is one reasonable discount rate to reflect the time value of money from society’s perspective.
- 3) Plan for updating of the SCC and discount rate on a regular basis, considering new research that may be published that impact SCC and application of the discount rate.

With regard to the Cost of Carbon Report, while we recommend no further formal action from the Council is warranted, we suggest that the State of Vermont should:

- 1) Continue to maintain and update the accounting for mitigation pathways to promote transparency and consistency in assumptions. Recognizing that the EFG report calls for the “Cost of Carbon” model to continue to be updated, the Subcommittee recommends that this accounting could come in the format of the “Cost of Carbon” model that has been created by Department of Public Service, or through other reasonable means.
- 2) Initially through technical consultant and to be updated periodically by the State of Vermont, create a greenhouse gas mitigation technology/policy supply curve that estimates the relative net cost of mitigation policies and/or technologies per ton of greenhouse gas emissions saved as well as the potential savings associated with those policies and/or technologies.

Thank you,

Science & Data Subcommittee Members

¹ Greenhouse gas emissions other than carbon dioxide should also be considered and societal cost of those emissions should be appropriately quantified.