RESOLUTION

By Gordon and Schroeder

Establishing a social cost of carbon for use in climate and energy policy.

Whereas, the City of Minneapolis is in the process of declaring a climate emergency; and

Whereas, on June 28, 2013, Minneapolis adopted a Climate Action Plan, which seeks to reduce greenhouse gas emissions by 15% by 2015, 30% by 2025, and 80% by 2050 (all from a 2006 baseline); and

Whereas, over 97% of actively publishing climate scientists agree that climate-warming trends are extremely likely due to human activities; and

Whereas, said scientists also acknowledge that our current climate emergency creates enormous economic costs to society, which, not currently being factored into the cost of greenhouse gas emitting activities, are an economic externality that must be addressed to successfully mitigate climate change; and

Whereas, the social cost of carbon (SCC) is a commonly employed metric calculated by the scientific community of the expected long-term damage (in United States dollars) done by a ton of carbon dioxide emissions in a given year; and

Whereas, this dollar figure also represents the value of damages avoided for an emission reduction (i.e. the societal benefit of a carbon dioxide reduction); and

Whereas, the SCC is a comprehensive monetary estimate of climate change damages to society, based upon the best available scientific knowledge, and includes, among other things, changes in net agricultural productivity, human health, property damages from increased flood risk and changes in energy system costs, such as reduced costs for heating and increased costs for air conditioning; and

Whereas, increasingly, public and private organizations are using "shadow carbon pricing" in their internal decision-making practices to account for their societal climate impact, and to factor in current and future climate change risks and policies; and

Whereas, federal, state, and local units of government and regulatory agencies currently employ a SCC to value climate impacts for both individual projects and broader policymaking; and

Whereas, the Minnesota Public Utilities Commission adopted a range of SCC values in January 2018 based upon the federal SCC and with certain economic assumption adjustments; and

Whereas, the Minnesota Public Utilities Commission determined this range of SCC values after an extensive stakeholder process which included, among others, environmental groups, energy utilities, business interests, human health advocates, state agencies, the Minnesota Office of Attorney General, and an administrative law judge; and

Whereas, the Minnesota Public Utilities Commission will utilize the adopted SCC for weighing economic externalities in their decision-making processes for fossil fuel-burning activities and non-emitting alternatives; and

Whereas, a staff direction approved at the August 26, 2019 meeting of the Public Health, Environment, Civil Rights & Engagement Committee directed Sustainability, Finance, Health Department, and Attorney's Office staff to bring forward a recommendation or set of options for a SCC to be considered for adoption by the City Council; and

Whereas, as explained by December 2, 2019 presentation to said committee, staff convened to examine respected SCC values and structures currently being utilized and recommend that the City adopt the "High" schedule of values adopted by the Minnesota Public Utilities Commission;

Now, Therefore, Be It Resolved by The City Council of The City of Minneapolis:

That the social cost of carbon for climate and energy policy and projects be set equivalent to the "High" schedule of values adopted by the Minnesota Public Utilities Commission.

Be It Further Resolved that the City of Minneapolis for internal shadow carbon pricing will use the Minnesota Public Utilities Commission's "High" schedule of values as a baseline, but will also consider higher values, including but not limited to recent International Monetary Fund (IMF) recommendations and levels established by the federal government under President Obama's administration.