Pricing Carbon Dioxide Emissions for Discussing the Future of Energy Policy in New Mexico

prepared for the Southwest Green Chamber of Commerce and the NM Solar Energy Association

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The following points of discussion are intended to help those who will be writing letters and making phone calls to our PRC representative, Sandy Jones. His contact information is not on the website yet but here is the general contact information for the PRC: New Mexico Public Regulation Commission

1. Clean air, water, soil and climate stability for future generations are priceless just as human life is priceless. But when arguing before the PRC about energy policy, we are sometimes forced to use dollars and cents.

2. Much has been written about the "social cost of carbon emissions". Just put this phrase into an internet search engine and you will find a wealth of information with which you can inform yourself about the price of carbon emissions to society. Here are a few of these links that do not require a lot of reading:

Social Cost of Carbon | Climate Change | US EPA

Companies and emissions: Carbon copy | The Economist

Frequently Asked Questions – The Cost of Carbon Pollution

3. From reading these sources we have decided to use $40/ton of carbon dioxide emitted as the cost to society of mitigating the effects of carbon pollution in order to calculate the cost per kWh (what we see on our electricity bills) of using coal to produce electricity. Using coal to produce electricity emits 2 lbs of carbon dioxide per kWh. See this source: How much carbon dioxide is produced per kilowatthour when generating electricity with fossil fuels? - FAQ - U.S. Energy Information Administration (EIA)

4. Here is the math:

2 lbs/kWh divided by 2000 lbs/ton = 0.001 ton of carbon dioxide/kWh

0.001 ton of CO2/kWh x $40/ton = $ 0.04/kWh of electricity produced by coal

5. Any effort to reduce carbon dioxide emissions such as promoting energy efficiency, conversion to solar and wind for producing electricity and using biogas and battery power for storage is worth at least $ 0.04/kWh to all of us (rate payers, taxpayers etc....).

6. We think that this "social cost of carbon" price should be considered when discussing whether are not utilities should charge a grid-connection fee to customers who have installed their own solar PV systems and when deciding how much all rate payers are charged for energy efficiency improvements.