Read the report here: https://www.cdp.net/CDPResults/companies-carbon-pricing-2013.pdf

CDP North America, Report Press Coverage, December 2013

The New York Times

New York Times: Large Companies Prepared to Pay Price on Carbon. (Lead story, page A1)

Coral Davenport – December 5, 2013
Also printed on International New York Times, CNBC.com, Dallas Morning News, MSN Money, Business Standard
http://nyti.ms/192JsNI

WASHINGTON — More than two dozen of the nation's biggest corporations, including the five major oil companies, are planning their future growth on the expectation that the government will force them to pay a price for carbon pollution as a way to control global warming.

The development is a striking departure from conservative orthodoxy and a reflection of growing divisions between the Republican Party and its business supporters.

A new report by the environmental data company CDP has found that at least 29 companies, some with close ties to Republicans, including ExxonMobil, Walmart and American Electric Power, are incorporating a price on carbon into their long-term financial plans.

Both supporters and opponents of action to fight global warming say the development is significant because businesses that chart a financial course to make money in a carbon-constrained future could be more inclined to support policies that address climate change.

But unlike the five big oil companies — ExxonMobil, ConocoPhillips, Chevron, BP and Shell, all major contributors to the Republican party — Koch Industries, a conglomerate that has played a major role in pushing Republicans away from action on climate change, is ramping up an already-aggressive campaign against climate policy — specifically against any tax or price on carbon. Owned by the billionaire brothers Charles and David Koch, the company includes oil refiners and the paper-goods company Georgia-Pacific.

The divide, between conservative groups that are fighting against government regulation and oil companies that are planning for it as a practical business decision, echoes a deeper rift in the party, as business-friendly establishment Republicans clash with the Tea Party.

Tom Carnac, North American president of CDP, said that the five big oil companies seemed to have determined that a carbon price was an inevitable part of their financial future.

"It's climate change as a line item," Mr. Carnac said. "They're looking at it from a rational perspective, making a profit. It drives internal decision-making."

Companies do not know what form a future carbon price would take. Congress could one day vote to directly tax emissions. President Obama is moving forward with plans to regulate carbon pollution from coal plants, with or without action from Congress — and states could carry out those regulations by taxing carbon polluters. At climate change talks at the United Nations, State Department negotiators have pledged that the United States will cut its carbon emissions 17 percent below 2005 levels by 2020, and 80 percent by 2050.

Mr. Carnac said: “Companies see that the trend is inevitable. What you see here is a hardening of that understanding.”

Other companies that are incorporating a carbon price into their strategic planning include Microsoft, General Electric, Walt Disney, ConAgra Foods, Wells Fargo, DuPont, Duke Energy, Google and Delta Air Lines.

During the 2012 election, every Republican presidential candidate but one, Jon Huntsman, questioned or denied the science of climate change and rejected policies to deal with global warming. Opponents of carbon-pricing policies consider them an energy tax that will hurt business and consumers.

Mainstream economists have long agreed that putting a price on carbon pollution is the most effective way to fight global warming. The idea is fairly simple: if industry must pay to spew the carbon pollution that scientists say is the chief cause of global warming, the costs will be passed on to consumers in higher prices for gasoline and electricity. Those high prices are expected to drive the market away from fossil fuels like oil and coal, and toward low-carbon renewable sources of energy.

Past efforts to enact a carbon price in Washington have failed largely because powerful fossil-fuel groups financed campaigns against lawmakers who supported a carbon tax.

In 1994, dozens of Democratic lawmakers lost their jobs after Al Gore, who was vice president at the time, urged them to vote for a climate change bill that would have effectively taxed carbon pollution. In 2009, President Obama urged House Democrats to vote for a cap-and-trade bill that would have required companies whose carbon-dioxide emissions exceeded set levels to buy emissions rights from those who emitted less. The next year, Tea Party groups spent millions to successfully unseat members who voted for the bill.

But ExxonMobil, which last year was ranked by the Fortune 500 as the nation’s most profitable company, is representative of Big Oil’s slow evolution on climate change policy. A decade ago, the company was known for contributing to research organizations that questioned the science of climate change. In 2010, ExxonMobil purchased a company that produces natural gas, which creates less carbon pollution than oil or coal.

ExxonMobil is now the nation’s biggest natural gas producer, meaning that it will stand to profit in a future in which a price is placed on carbon emissions. Coal, which produces twice the carbon pollution of natural gas, would be a loser. Today, ExxonMobil openly acknowledges that carbon pollution from fossil fuels contributes to climate change.

“Ultimately, we think the government will take action through a myriad of policies that will raise the prices and reduce demand” of carbon-polluting fossil fuels, said Alan Jeffers, an ExxonMobil spokesman.

Internally, ExxonMobil now plans its financial future with the expectation that eventually carbon pollution will be priced at about $60 a ton, which Mr. Jeffers acknowledged was at odds with some of the company’s Republican friends.

“We’re going to say and do what’s in the best interest of our shareholders,” he said. “We won’t always be on the same page.”

It remains unlikely that any climate policy will move in today’s deadlocked Congress, but if Congress does take up climate change legislation in the future, Mr. Jeffers said ExxonMobil would support a carbon tax if it was paired with an equal cut elsewhere in the tax code — the same policy that Mr. Gore has endorsed. “ExxonMobil and many other large companies understand that climate change poses a direct economic threat to their businesses,” said Dan Weiss, director for climate policy at the Center for American Progress, a liberal research group with close ties to the Obama administration. “They need to convince their political allies to act before it’s too late.”

Koch Industries maintains ties to the Tea Party group Americans for Prosperity, which last year campaigned against Republicans who acknowledged the science of climate change. The company also contributes money to the American Energy Alliance, a Washington-based advocacy group that campaigns against lawmakers that it claims support a carbon price. This year, the American Energy Alliance says it has spent about $1.2 million in ads and campaign activities attacking candidates who it says support a carbon price.

Robert Murphy, senior economist at the American Energy Alliance, said his group was not concerned that it had taken a different position from the major oil companies. “We’re not taking marching orders from Big Oil,” he said.

In fact, Koch has a longtime resentment of the biggest oil companies.

According to company history, Koch’s founder, Fred Koch, the father of Charles and David, invented a chemical process to more efficiently refine oil but was blocked from bringing it to the market by John D. Rockefeller, the owner of Standard Oil — the company that was later broken up to make some of the major oil companies of today, including ExxonMobil.

People at Koch say sore feelings remain to this day.

THE HUFFINGTON POST

The Huffington Post: You'll Never Guess Which Companies Are Already Planning For A Price On Carbon

Kate Sheppard – December 5, 2013

http://www.huffingtonpost.com/2013/12/05/carbon-emissions_n_4387532.html?utm_hp_ref=tw

WASHINGTON –- Many U.S. companies are already including a price on carbon emissions in their business planning. That includes oil companies such as ExxonMobil and ConocoPhillips, and major coal-burning utilities.

Efforts to put a federal price on carbon stalled out in Congress in 2010. Major polluters deserve most of the credit for tanking that legislation, and for keeping it from coming up again.

But other countries have moved ahead with a putting a price on planet-warming greenhouse gas emissions, and the Environmental Protection Agency has started issuing new regulations on emissions. So, in effect, emitting carbon is starting to get more expensive for all those companies that have been polluting for free for all these years. And the companies recognize it, as the CDP (formerly known as the Carbon Disclosure Project), a London-based nonprofit that works with corporations to get them to voluntarily disclose their emissions, concluded in a new report issued Thursday.

More than 1,000 companies that operate in North America disclose their emissions to the CDP each year, and the CDP puts that information online and issues reports about trends it sees in those disclosures. This latest report found that at least 29 companies reported that they use a price on carbon internally in their business planning and decisions.

"We're not surprised companies are taking a rational, strategic view on climate change and incorporating it into their decision-making process," said Tom Rivett-Carnac, the president of CDP for North America.

Some of the companies that do so might be surprising, however; they include oil companies such as ExxonMobil, BP, Chevron, ConocoPhillips and Shell. The report also notes utilities such as the St. Louis-based Ameren Corporation, the Southern giant American Electric Power, North Carolina-based Duke Energy Corporation and the Midwest's Xcel Energy.

ExxonMobil reported the highest internal price on carbon, anticipating a cost of $60 per metric ton of carbon by 2030. BP said it is using an assumption of $40 per metric ton of carbon, and ConocoPhillips gave a range of $8 to $46 per ton. Not every company reported an exact figure, but those in the report stated that they do use some number internally.

Exxon posts its assumption on its website. Company spokesman Alan Jeffers said the company is also operating under the assumption that the price will increase to $80 a ton by 2040.

"We think that will be the net impact of the various policies that various government's around the world impose in efforts to curb CO_2 emissions," Jeffers told The Huffington Post. "The risk posed by co2 emission in the environment, raising temperatures, climate change, etc., are motivating governments to take action to put a price on carbon, to try to tackle that issue. We want our planning for that to be as accurate as possible."

Practically speaking, Jeffers said, that figure "really does impact some of the fuel choices and our planning assumptions."

This might strike many as unexpected, given that Exxon spent years working to undermine the science on climate change -- leading some to dub it "the Michael Jordan of climate change denial." And in 2009, when Congress was considering a cap-and-trade bill, the company came out in favor of a carbon tax and lobbied against the bill that was actually in play. The company's CEO, Rex Tillerson, now acknowledges that climate change is real, but says it's not that bad and humans can adapt.

Jeffers said that the company still prefers a revenue neutral carbon tax, if the U.S. is going to put a set price on carbon emissions. But as the CDP report highlights, whether or not that happens, the company is already anticipating that carbon emissions won't be free for much longer.

Xcel Energy reported a $20 carbon cost assumption in the report, but Jack Ihle, the company's director for environmental and public policy, said that it uses "a range of estimated future costs of carbon dioxide emissions" in its accounting. Xcel has coal, gas and wind power generation facilities across Colorado, Michigan, Minnesota, New Mexico, North Dakota, South Dakota, Texas and Wisconsin, and says that it plans to cut its own emissions by 31 percent by 2020. "Given the capital-intensive nature of our business, we must make decisions over long-time horizons and take steps today to plan for potential future outcomes, such as climate change regulation," Ihle said in an email. "By so doing, we believe we can reduce both the costs and risks associated with potential new environmental mandates."

While the future of greenhouse gas regulation in the U.S. is "uncertain" at this point, Ihle said, "in the long term, we think that either EPA or Congress will likely impose some form of market-based carbon policy on electric generating units."

The disclosure that many companies are already using a price on carbon internally is a marked difference from the doom-and-gloom diagnosis heard most often in Congress. In fact, many companies already think carbon pricing is inevitable.

"I think, going beyond the vagaries of party politics, actually companies realize this is coming over the medium- or long-term horizon at least, so they need to plan for it," said CDP's Rivett-

Carnac. "I think they do a risk assessment and it's all based on probability. Businesses don't operate in a world of certainty; they operate in a world of probabilities. I think they would say, 'We don't know, but we think it's possible.' This is prudent planning in that scenario."

Bloomberg

Bloomberg: Big oil prepares for 10-fold jump in carbon price amid crackdown

Joe Carroll – December 5, 2013
http://buswk.co/J4BeuO

International oil producers are bracing for carbon emission costs to soar to almost 10 times current prices in Europe, the world's largest greenhouse gas market, as governments around the world escalate efforts to curb climate change.

Exxon Mobil Corp., the biggest energy company by market value, is planning future capital investments on the assumption that it will be required to pay $60 a metric ton for carbon emissions.

That's the highest among 11 U.S. and European corporations that provided figures in a report released Thursday by CDP, a nonprofit that compiles environmental performance data for investors. Royal Dutch Shell Plc and BP Plc are planning on $40, and Total SA anticipates a carbon cost of $34, according to the New York-based group formerly known as the Carbon Disclosure Project.

Those estimates compare to European Union carbon credits that closed today at 4.64 euros ($6.34), according to data compiled by Bloomberg. Companies involved in extracting and processing hydrocarbons such as crude oil and natural gas must ensure that multibillion-dollar investments remain profitable for decades under even the strictest environmental rules, said Deborah Gordon, a senior associate at the Carnegie Endowment for International Peace's energy and climate program.

"Nobody builds infrastructure that costs tens of billions of dollars to last for a 5- or 10-year lifespan," said Gordon, a former Chevron Corp. chemical engineer. "These things are built to have 100-year lifetimes, so these companies have to think about what regulatory regimes will look like way beyond the next presidential election cycle."

Google, Disney

Oil producers and power generators are the biggest users of internal carbon price estimates for long-term planning among the companies that disclosed specific figures, CDP said. Ameren Corp., a St. Louis-based electricity and gas distributor, uses a $30 carbon benchmark. ConocoPhillips, the Houston oil explorer that spun off its refineries and chemical plants last year, employs carbon estimates that range from $8 to $46.

Exxon has been factoring future carbon costs into project planning since 2007, Alan Jeffers, a spokesman for the Irving, Texas-based company, said today in an e-mail.

"Although climate policies remain uncertain today, for the purposes of our business planning we assume that governments will continue to gradually adopt a wide variety of more stringent policies to help stem greenhouse gas emissions," he said.

Other companies plugging carbon costs into planning assumptions include Google Inc. and Walt Disney Co., according to CDP. Google, the Mountain View, California-based online search provider, uses a $14 benchmark while Disney ranges from $10 to $20, according to the report.

Asymmetric Risks

Oil and gas companies face "asymmetric risks" that regions currently without significant greenhouse-gas limits will impose costs or penalties in the future that may threaten the profitability of major capital investments such as offshore platforms or refineries, Guy Turner, chief economist at Bloomberg New Energy Finance in London, said in a telephone interview.

"We are in an incredibly uncertain environment right now with some countries going forward, some going back, so these companies are trying to future-proof their investments," Turner said. "No one knows what's going to happen with carbon policy over the next 10 or 20 years."

Some countries are backtracking on climate-change policies, including Australia, which is debating legislation to repeal a carbon tax.

Rising Seas

Carbon emissions from burning fossil fuels are expected to set off a chain reaction of higher temperatures, rising seas and violent weather systems, Sanford C. Bernstein & Co. said in a June note to clients. Among energy producers, BP and Shell are among the most at risk because of the large fuel-producing plants they own in low-lying areas close to oceans, Sanford's Oswald Clint, Rob West and Iain Pyle said in the note.

Sea levels may rise as much as 2 meters (6.6 feet), swamping refineries, liquefied natural gas terminals, oil-tanker berths and even Shell's Pearl gas-to-liquids plant in Qatar, which was built just 3 feet above sea level, the Sanford analysts wrote.

Sea levels already are on the rise, having climbed 15 to 20 centimeters during the 20th century, the Sanford analysts said, citing research published in the Journal of Geodynamics last year. More worrying, the analysts said, is that the rate has been accelerating in the past decade.

International Companies

As more and more carbon is belched into the atmosphere and temperatures escalate, the world's oceans are projected to rise another 0.5 to 2 meters by the end of this century, the Sanford analysts said, citing estimates compiled by the National Research Council, which advises the U.S. government on scientific matters.

"Companies that have international operations are especially astute to carbon pricing as a response to the regulatory environments in which they operate, such as Europe or Australia, where GHG emissions reductions are mandatory and covered by mandatory cap-and-trade programs or carbon taxes," the CDP said in its report.

POLITICO

Politico: Study: Companies plan for future CO2 price

By ERICA MARTINSON – December 5, 2013
https://www.politicopro.com/story/energy/?id=28617

Cap and trade may be dead and a carbon tax has few friends in the Capitol, but many major companies are already incorporating carbon prices in their budgets and business decisions, according to a new report issued Thursday.

Asked to describe their risk planning for the future, 29 companies told CDP North America that they incorporate a notional price on carbon in ongoing business decisions.

And it's not just energy giants such as BP Plc and Duke Energy — the companies represent a range of sectors, from Walt Disney to Wal-Mart.

They call it different things — "internal carbon price," "shadow price," "internal carbon fee" — and their price assumptions vary from $6 to $60 per metric ton of CO2 equivalent depending on the sector and the location of their operation, but all are hoping to be ready for new rules they see as inevitable at some point in the future.

“Most companies covered in this report state they expect an eventual regulatory approach in some form to address climate change,” the report says. “Therefore, companies cite use of a carbon price as a planning tool to help identify revenue opportunities, risks, and as an incentive to drive maximum energy efficiencies to reduce costs and guide capital investment decisions.”

Energy and utility companies expect the highest costs, and ExxonMobil tops the list with an expectation \$60 per metric ton by 2030. BP and Royal Dutch Shell are using \$40, Ameren \$30 per ton in 2025 plans, and Xcel Energy has set its price at \$20, with Devon Energy coming in at \$15 per ton of CO_2 when it measures costs and benefits of proposed projects. Not all of the companies that said they use a carbon price disclosed what that price is.

The companies that reported carbon pricing for projects to CDP also cited varying motivations.

Disney is aiming for zero net carbon pricing, and expects its divisions to invest in carbon offset projects, it told CDP.

“The costs of the carbon offset projects are charged back to individual business units at a rate proportional to their contribution to the company’s overall direct emissions footprint. Thus, our businesses are now exposed to an internal carbon price,” Disney said in the report. Essentially it’s an internal tax to give various offices an incentive to cut carbon.

American Electric Power Company, however, assumes there will be a price on carbon by 2020, either through regulation or an EPA requirement. the report says. “In the absence of clear price signals in the US, AEP uses a projected price and expects its pricing approach to evolve over time.”

Delta Air Lines, on the other hand, is anticipating complying with European Union requirements.

While the percentage of the 350 companies involved in its voluntary annual investment surveys using carbon prices was not large, those 29 aren’t small fries, noted Tom Carnac, North American president of CDP. Other than the utilities, they’re global, S&P 500 companies, and they’re all quite profitable.

“So what’s interesting is, these companies are using these prices that are very high; they’re running very profitable businesses; they’re bringing fantastic returns to shareholders; they are highly desirable stocks; which is sort of contrary to a lot of the” messages about carbon taxes, Carnac said.

Obviously, these companies aren’t actually paying a carbon tax.

“But if the price was that, they’d still be profitable,” he said.

Carnac told POLITICO that he was surprised by the extent of the carbon price modeling, but that it fits the company’s mission to push global businesses towards more sustainable planning that many investors want to see.

“One interesting statistic,” Carnac said, “we’ve found that 70 percent of the S&P 500 get a better return from their emissions reduction activities than they do from investing in their business. So rather than doing more of whatever they do,” they earn a higher return by cutting carbon, he said. That mainly comes from energy costs.

Rather than calming CEOs’ nerves, the failure of the efforts so far to regulate carbon has caused anxiety in the executive suites.

The “future of greenhouse gas regulation in the U.S. is uncertain,” said Xcel Energy spokesman Mark Stutz. EPA “is driving the current effort to regulate power sector greenhouse gasses, such as carbon dioxide, and some of EPA’s evolving programs may take the form of standards or unit-by-unit regulations, rather than a market-based price on carbon. But in the long term, we think that either EPA or Congress will likely impose some form of market-based carbon policy on electric generating units.”

POLITICO
PLAYBOOK

Politico Playbook: Game Change

Mike Allen – December 5, 2013

GAME CHANGE - N.Y. Times 1-col. lead, "LARGE COMPANIES PREPARED TO PAY PRICE ON CARBON: DEVISING BUDGET PLANS -- Shift Exposes a Divide With the G.O.P. on Global Warming," by Coral Davenport : "More than two dozen of the nation's biggest corporations, including the five major oil companies, are planning their future growth on the expectation that the government will force them to pay a price for carbon pollution as a way to control global warming. ... A new report by the environmental data company CDP has found that at least 29 companies, some with close ties to Republicans, including ExxonMobil, Walmart and American Electric Power, are incorporating a price on carbon into their long-term financial plans. ... [B]usinesses that chart a financial course to make money in a carbon-constrained future could be more inclined to support policies that address climate change. ...

"'It's climate change as a line item,' [said Tom Carnac, North American president of CDP]. 'They're looking at it from a rational perspective, making a profit. ... Companies see that the trend is inevitable. What you see here is a hardening of that understanding.' Other companies that are incorporating a carbon price into their strategic planning include Microsoft, General Electric, Walt Disney, ConAgra Foods, Wells Fargo, DuPont, Duke Energy, Google and Delta Air Lines."http://goo.gl/m7nv7G

REUTERS

Reuters: Major companies plan for U.S. carbon emissions fee, report says

BY VALERIE VOLCOVICI - Dec 5, 2013
http://www.reuters.com/article/2013/12/05/usa-energy-carbon-idUSL2N0JK0V220131205

Dec 5 (Reuters) - Major U.S. companies, from Wal-Mart and Google Inc. to Shell and ExxonMobil, are including future charges for carbon emissions in their strategic plans, according to a report released on Thursday.

The non-profit Climate Disclosure Project, which discloses the greenhouse gas emissions of the world's biggest corporations, found that 29 major companies that operate or are headquartered in the United States, factor in an "internal carbon price" of up to $60 per ton of emissions in their business strategies.

Although the U.S. doesn't have federal rules that require companies to pay for heat-trapping carbon pollution, many firms expect such curbs in the future and have made allowances in their budget for "shadow" carbon prices. These range from $6 to $60 per ton of emissions to model a carbon-constrained scenario, said the report by the UK-based CDP.

Indeed, many companies have made such provisions for years, even as others have lobbied successfully against proposed legislation in 2009 and 2010 that would have established a market price for emissions, known as a cap-and-trade system.

ExxonMobil has assumed one of the highest carbon price projections at $60 per tonne by 2030, the CDP report said.

Other oil majors BP and Royal Dutch Shell use a $40 carbon price, while Devon Energy set a carbon price of $15 per tonne to "account for the cost or benefits associated with any change in greenhouse gas emissions resulting from proposed projects."

Utility companies, which are preparing for direct regulation by the Environmental Protection Agency of the greenhouse gas emissions of their facilities by 2014, have also factored in carbon pollution charges.

The Minnesota-based utility Xcel Energy has used a $20 carbon price for years in its internal deliberations, while Ameren Corp., based in Missouri, assumes a $30 per ton cost by 2035.

Wal-Mart, the world's largest retailer, which has touted its plan to curb carbon emissions in its supply chain, has a confidential carbon price in place, CDP said, while software giant Microsoft Corp. has said it incorporates a $6-$7 a ton carbon price in its internal planning.

SOCIAL COST

The Obama administration has been using its own version of an internal carbon price since 2010 to estimate the future economic damage caused by carbon pollution, called the social cost of carbon.

The measure is used by many arms of the U.S. government to determine the financial benefits of new emissions regulations put in place since 2010.

Earlier this year, the administration raised its 2020 forecast to $43 a ton, up 58 percent from its 2010 estimate.

Experts said the move would make it easier for agencies like the EPA to crack down on emissions by showing that the greater benefits of such measures would justify their cost.

The move to raise the social price of carbon pollution has triggered a new bout of opposition by some energy companies and major business lobbying groups such as the U.S. Chamber of Commerce. They have argued that the administration's calculation of its internal carbon price is opaque and should be open to public comment.

In response, the White House Office for Management and Budget in November announced it would seek public comment for its cost estimate.

The UK-based CDP collects disclosure data on behalf of 722 investor signatories. In 2013, about 1,000 US companies disclosed their emission rates through the CDP.

Greenwire

E&E News Greenwire: Big companies prep for price on carbon

December 5, 2013

http://www.eenews.net/greenwire/2013/12/05/stories/1059991356

At least 29 major companies -- including five oil companies -- are expecting to pay a price for carbon pollution as they develop their long-term financial plans.

The developments, detailed in a new report from environmental data company CDP, could indicate a growing divide between the Republican Party and its business supporters. Indeed, several companies with close Republican Party ties, including Exxon Mobil Corp., Wal-Mart Stores Inc. and American Electric Power Co. Inc., have developed long-term plans based on the expectation they will pay for carbon pollution.

Tom Carnac, North American president of CDP, said several companies seem to have determined that a carbon price is inevitable.

"It's climate change as a line item," Carnac said. "They're looking at it from a rational perspective, making a profit. It drives internal decisionmaking."

DuPont, Duke Energy Corp., Google Inc. and Delta Air Lines Inc. were also among the companies to integrate a carbon price into their plans, according to the report. Koch Industries, which has campaigned to stop Democrats from taking action on climate change, has pushed back against climate policy (Coral Davenport, New York Times, Dec. 5). -- WW

WSJ Market Watch: As Big Oil plans for carbon tax, Exxon may be better prepared than most
By Claudia Assis - December 5, 2013
http://on.mktw.net/1buzLYJ

Big Oil is straying from conservative orthodoxy and making long-term financial plans under the assumption the government will force them to pay a price for carbon pollution as a way to control global warming — and Exxon Mobil Corp. is better prepared than others to face the new expense.

Exxon XOM -0.56% , ConocoPhillips COP -1.02% , Chevron Corp. CVX -0.70% , BP PLC BP -0.66% and Royal Dutch Shell PLC RDSA -0.27% , all major contributors to the Republican Party, are among the large companies making a practical business decision as they see some type of tax or carbon price is almost inevitable, according to a New York Times article on Thursday.

Exxon, through its 2010 acquisition of XTO Energy, is the U.S.'s largest natural gas producer, and natural gas creates less carbon pollution than oil or coal. It would "stand to profit in a future in which a price is placed on carbon emissions," the newspaper said.

On the other side of the political divide, conglomerate Koch Industries is ramping up an already aggressive campaign against any tax or price on carbon, intent on fighting against government regulation.

That touches on the deeper rift among Republicans, the clash between the party's business-friendly establishment and the Tea Party, the newspaper said.

Sparring aside, it would be an interesting twist for Exxon, as its $41 billion XTO acquisition has been long subject to Monday-morning quarterbacking on price and timing.

Exxon's Chief Executive Rex Tillerson has admitted the company's timing was a bit off. Not too long after, natural-gas prices hit decade lows, trading under $2 per million British thermal units as plenty of supplies hit markets even as prices slid.

Prices of natural gas have since recovered, and recently traded around $4 per million Btu, and Exxon went from being a third-rate natural-gas player before the acquisition to being in the major leagues.

Exxon is working with the assumption carbon pollution will be priced around $60 a ton, and The New York Times quoted a company spokesman as saying Exxon will say and do what's in the best interest of its shareholders and "won't always be on the same page" as the Republican Party.

The company sponsors the view that, if a carbon legislation is forthcoming, it will have to be paired with a cut somewhere else in the tax code. Opponents of the legislation fear its effect on jobs and have doubts it would work as a way to fight global warming. For some, however, putting a price tag on carbon pollution is the most effective way to curb emissions and would spur investment in renewables.

THE HILL

The Hill: Oil companies prepare for federal carbon tax

By Laura Barron-Lopez – December 5, 2013
http://thehill.com/blogs/e2-wire/e2-wire/192170-oil-companies-prepare-for-federal-carbon-tax

Over a dozen of the nation's largest corporations are preparing for the federal government to pay for carbon pollution, The New York Times reports.

In a push to mitigate climate change, the Obama administration has proposed new carbon emissions standards for power plants and may push a possible carbon tax, which has oil companies at the ready.

A report by the environmental data company CDP found roughly 29 companies -- some with ties to Republicans -- like ExxonMobil and Walmart are including a carbon tax in their long-term financial agendas.

Supporters and opponents of the fight against global warming say the new move by these major companies may mean they are more likely to support policies aimed at curbing climate changes.

"But unlike the five big oil companies — ExxonMobil, ConocoPhillips, Chevron, BP and Shell, all major contributors to the Republican party — Koch Industries, a conglomerate that has played a major role in pushing Republicans away from action on climate change, is ramping up an already-aggressive campaign against climate policy — specifically against any tax or price on carbon," The New York Times writes.

Salon: Some of the nation's largest companies are already planning for a carbon tax

By Lindsay Abrams – December 5, 2013
http://bit.ly/18v8elC

Despite close ties to the Republican party, Big Oil and others are planning for stricter climate policies

The days of polluting the atmosphere for free are soon over, and a price on carbon is all but inevitable. At least, that's what some of the nation's largest companies, including Big Oil, appear to have decided. Internal documents analyzed by the environmental data company CDP reveal that at least 29 different companies have included a government tax on carbon in their longterm planning.

According to the New York Times, the information reflects a major rift between the ideological and economic goals of the Republican party. While lawmakers, Tea Parties and the Koch brothers continue to do everything possible to fight climate policy, companies are realizing it makes good business sense to prepare for increased regulation. All five major oil companies — ExxonMobil, ConocoPhillips,Chevron, BP and Shell — despite their close ties to the Republican party, were revealed to have incorporated a carbon price into their budget.

"I think, going beyond the vagaries of party politics, actually companies realize this is coming over the medium- or long-term horizon at least, so they need to plan for it," Tom Rivett-Carnac, the president of CDP for North America, told the Huffington Post. "This is prudent planning in that scenario."

For now, including the anticipated tax in their budget helps drive their internal decision making, Carnac said. But both supporters and opponents of regulation agree that such planning could more likely to accept, and even support, climate policies in the future.

National Journal

National Journal: Companies Plan for Carbon Tax

Clare Foran - December 5, 2013
http://www.nationaljournal.com/energy/companies-plan-for-carbon-tax-20131205

The idea of a carbon tax is a nonstarter for most conservative lawmakers. But more than two dozen of the U.S.'s largest companies, including major oil and gas operations, think a tax on carbon is inevitable and are factoring it into their long-term financial plans, The New York Times reports.

The information comes as a finding in a new report by U.K.-based environmental research firm the Carbon Disclosure Project. According to the report, companies planning for the introduction of a carbon tax in the U.S. include oil and gas heavyweight Exxon Mobil, Duke Energy, American Electric Power, General Electric, and DuPont, an American chemical company.

"It's climate change as a line item," said Tom Carnac, CDP's North American president, in reference to the business decision being made by these companies to factor a carbon tax into future plans. "They're looking at it from a rational perspective, making a profit. It drives internal decision-making."

Read the full report here.

QUARTZ

Quartz: What do oil companies know about climate change that politicians don't?

By Tim Fernholz
http://qz.com/154711/what-do-oil-companies-know-about-climate-change-that-politicians-dont/

The world's largest oil companies are preparing for a future in which putting a price on carbon fights climate change. US politicians say it won't happen. People who believe in the wisdom of the markets might consider siding with the people answering to shareholders rather than primary voters.

A new report (pdf) by CDP, an environmental data company, reveals that twenty-nine major companies including oil giants ExxonMobil, ConocoPhillips, Chevron, Shell and BP, are incorporating a price on carbon emissions in their long-term financial planning. The cost, ranging from $6 to $60 per metric ton, could affect how much companies pay for energy, invest in efficiency and charge their customers. While some of these companies have spent millions lobbying against just public policy that would put a carbon price in place, climate change Cassandras see the inclusion of such figures in their financial planning as a sign that their positions are evolving—and that change could be on the way.

The European Union, where many of the companies do business, has already put in place a program that caps greenhouse emissions from power plants, factories and airliners, allowing them to buy and trade emission allowances as needed. But ideas like that have become a political non-starter in the US after several prominent failures, most recently in 2009. The Obama administration is currently planning new regulations for coal plants, perhaps the most it can do to limit carbon emissions without congressional support, but Republicans in the US House of Representatives are fighting even those measures.

On the other hand, the US has made international commitments to reduce its emissions 80% below 2005 levels by 2050. Evidence of climate change is piling up, and scientists warn that scary examples like Typhoon Haiyan, the strongest storm to ever make landfall, could become more frequent. The people running multi-billion dollar organizations have decided that's too much risk to ignore.

THE ADVOCATE

The Advocate: (Baton Rouge, La): NY Times: Major oil companies planning for carbon constraints

ADVOCATE STAFF REPORT - December 05, 2013
http://theadvocate.com/news/7764944-123/ny-times-major-oil-companies

ExxonMobil, Shell, ConocoPhillips, Chevron and BP are among at least 29 major U.S. corporations whose long-term financial plans include a price for carbon pollution, according to an article in The New York Times.

The article describes the development as "a striking departure from conservative orthodoxy and a reflection of growing divisions between the Republican Party and its business supporters.

A report by environmental data company CDP shows those firms, several with close ties to Republicans, incorporate a price on carbon into their financial plans. The strategy is significant. Businesses whose forecasts include a carbon-constrained future could be more inclined to support policies that address climate change.

“The divide, between conservative groups that are fighting against government regulation and oil companies that are planning for it as a practical business decision, echoes a deeper rift in the party, as business-friendly establishment Republicans clash with the Tea Party,” the story says.

Tom Carnac, North American president of CDP, said that the five big oil companies have apparently determined that a carbon cost is inevitable.

“It’s climate change as a line item,” Carnac said. “They’re looking at it from a rational perspective, making a profit. It drives internal decision-making.”

Read the New York Times story here.

THINKPROGRESS

Think Progress: Big Oil And The White House Agree: Carbon Pollution Will Cost Money

By Jeff Spross – December 5, 2013
http://bit.ly/IuuiXp

It turns out the White House and major American businesses may be converging on how to assess the damage greenhouse gas emissions do to the global climate.
According to a new report by the environmental data company CDP, in 2013 at least 29 companies either based or operating in the United States factored a price on carbon into their long-term business planning. In 2010, the Obama Administration released the government’s estimates for that same price, to be used as a factor in rulemaking decisions in federal agencies.

In both instances, the purpose of the price is to quantify the economic costs of the global warming driven by human-caused carbon emissions, which arrive in the form of droughts, floods, heat waves, shifting weather patterns, stronger storms, disrupted food supplies and rising seas, to name just some of the most prominent effects.

Significantly, the companies using a carbon price include the five oil giants — ExxonMobil, ConocoPhillips, Chevron, BP, and Shell — along with other notables like Google, Microsoft, General Electric, Walt Disney, Wells Fargo, DuPont, and Delta Air Lines.

The specific prices they estimated were also striking: $40 per ton of carbon emissions for BP; $60 for ExxonMobil, and $40 for Shell. Xcel Energy pegged it at $20, Walt Disney at $10 to $20, and ConocoPhillips' estimate ran anywhere from $8 to $46 depending on various factors. The U.S. government's midline estimates for the price of carbon were $37 and $57 for 2015. CDP also reviewed the carbon prices already in place in other countries around the world, which generally fell into the same range — and in a few instances much lower and higher.

Currently, the United States does not put any price on carbon. The International Monetary Fund estimates that failure effectively subsidizes fossil fuel use to the tune of $502 billion annually — the biggest of any country in the world. The result is a massive market distortion, because the costs of climate change are not being factored into the economic decisions of everyone in the economy. The most direct way to place a price on carbon is either a carbon tax or a cap-and-trade system like the one Congress considered in 2009 and then abandoned. But the regulations to cut carbon emissions from power plants would implicitly, if not directly, place a price on those emissions as well.

The business' use of a carbon price is, of course, and act of self-interest rather than advocacy. CMS Energy Corporation, for instance, noted that its internal carbon price factored into its decision to start up a natural gas power plant, and to begin shuttering several coal-fired ones. And the CDP report quotes many of the companies emphasizing the price's use as a guide in investment and other decisions.

"It's climate change as a line item," Tom Carnac, North American president of CDP, told the New York Times. "They're looking at it from a rational perspective, making a profit. It drives internal decision-making."

Publicly, some of these companies — ExxonMobil in particular — have been long-time skeptics of climate change, and financially supported efforts to beat back policy aimed at addressing it. Many of them are also regular contributors to the Republican party, which opposes efforts to cut greenhouse gas emissions and has sought to derail the White House's carbon price. So many observers on both sides of the issue see the companies' internal use of a carbon price as a significant break between business' practical self-interest and the ideological position of the GOP and its conservative supporters — a sign the concrete financial infrastructure that's supported opposition to climate policy is simply tiring out.

Across the financial world, there's growing concern that massive amounts of money are invested in fossil fuel reserves that can never be exploited. Bloomberg LP recently released a financial tool to help investors calculate their carbon risk, while movements across the United States and other countries are pushing institutions to disentangle themselves from fossil fuel production. Various carbon-pricing mechanisms are already operating in numerous countries, and the growth of renewable energy continues to rocket upwards. In other words, the need to account for carbon emissions' climate damage is no longer seen purely as an internal question of government policy — it's taking on a collective life of its own.

Being hard-nosed businessmen, Exxon Mobil, BP, Google, and all the rest of them are simply acknowledging that reality.

Newser: Carbon Tax Looming, Big Business Gets Ready to Pay Up

Arden Dier - Dec 5, 2013
http://bit.ly/1bQOPSs

(NEWSER) – First came news that 90 companies are to blame for the majority of greenhouse gas emissions. Now, more than two dozen big US corporations are planning for a future that involves paying for their pollution. A survey by green-data firm CDP shows that 29 companies, including Exxon, Chevron, and Walmart, are factoring a carbon-emission price into their long-term financial plans, reports the New York Times. The move suggests they'd be more likely to support policies designed to ease climate change. "Companies see that the trend [of cutting emissions] is inevitable," says a CDP exec. "What you see here is a hardening of that understanding."

A rep for ExxonMobil sounds a similar note: "Ultimately, we think the government will take action through a myriad of policies that will raise the prices and reduce demand" of fossil fuels, he says. ExxonMobil is planning for a price of $60 per metric ton by 2030, with BP at $46, and others lower, the Huffington Post reports. "ExxonMobil and many other large companies understand that climate change poses a direct economic threat to their businesses," says the director for climate change at the Center for American Progress. "They need to convince their political allies to act before it's too late."

Town Hall.com

Town Hall: 29 Companies Already Putting A Price on Carbon

Nicole Bailey - Dec 05, 2013
http://bit.ly/1eT8Ci1

In America, the victory of environmental regulation seems to be a foregone conclusion for many of the nation's largest companies. Companies like ExxonMobil and Wal-Mart, which have typically had very strong ties to Republicans, are among those incorporating an internal form of a carbon tax into their long-term financial plans.

The report is the latest from CDP, an international environmental information nonprofit.

All agree that the implications are enormous as traditional opponents of climate change regulation like Koch Industries and reliable Big Business donors compete for influence in the GOP. The New York Times reports (emphasis mine):

Both supporters and opponents of action to fight global warming say the development is significant because businesses that chart a financial course to make money in a carbon-constrained future could be more inclined to support policies that address climate change.

But unlike the five big oil companies — ExxonMobil, ConocoPhillips, Chevron, BP and Shell, all major contributors to the Republican party — Koch Industries, a conglomerate that has played a major role in pushing Republicans away from action on climate change, is ramping up an already-aggressive campaign against climate policy — specifically against any tax or price on carbon. Owned by the billionaire brothers Charles and David Koch, the company includes oil refiners and the paper-goods company Georgia-Pacific.

The divide, between conservative groups that are fighting against government regulation and oil companies that are planning for it as a practical business decision, echoes a deeper rift in the party, as business-friendly establishment Republicans clash with the Tea Party.

Tom Carnac, North American president of CDP, said that the five big oil companies seemed to have determined that a carbon price was an inevitable part of their financial future.

Environment-conscious energy reform legislation has been dead for years, but supporters are pushing for a comeback. It remains to be seen which side will win out, but now it is clear that Big Business will be betting on the carbon tax.

Greenbiz: Wal-Mart, Disney, Microsoft hedge bets on carbon pricing

Heather Clancy – December 06, 2013
http://bit.ly/IzZGUc

Some describe it as long-term risk management. Others consider it to be a competitive differentiator. Almost all use it to fund energy efficiency, water conservation and other investments in sustainable resource management.

No matter the rationale, some of the biggest public companies in the United States -- including Wal-Mart, Walt Disney Co., Microsoft and many energy giants -- recently have gone public with strategies to set an internal price on their carbon pollution.

What's more, an analysis published this week by the CDP (formerly the Carbon Disclosure Project) reveals they are far from the only ones. At least 30 companies -- including utilities, energy businesses, technology companies, airlines, transportation companies and financial services firms -- are setting an internal price ranging from $6 to $60 per metric ton on their carbon pollution.

These forward-thinking companies are preparing for the eventuality that some day in the future, they will face a federal, state or community tax or regulation meant to help combat climate change.

"Given the capital-intensive nature of our business, we must make decisions over long-term horizons and take steps today to plan for potential future outcomes, such as climate change regulation," said Jack Ihle, director for environmental and public policy at Xcel Energy. "By so doing, we believe we can reduce both the costs and risks associated with potential new environmental mandates."

In its disclosure to CDP, Wal-Mart notes:

"When we were making key environmental business decisions, the existing simple payback model of a specified number of years had to be rethought to ensure we were making the right investments. [Wal-Mart affiliate] ASDA was one of the first U.K. retailers to embed a shadow cost of carbon in all carbon mitigation investment decisions. The actual price we set is confidential, but flexible, to allow it to change with time as external factors evolve, and thus ensure our appraisal model remains world-class.

Prices vary dramatically

The carbon pricing revelation was a trend noticed by CDP researchers as they combed through the 2013 CDP filings from companies listed in the S&P 500, as well similar data from global companies, said Tom Carnac, president of CDP North America. "This is the first time we have specifically pulled out this data point," he said.Click the chart for the full size. (Credit: CDP)

As you might expect, the trend was particularly pronounced among utilities and energy companies with substantial fossil fuels investments.

Exxon Mobil has set the highest price: it assumes a cost of $60 per metric ton by 2030. Xcel Energy uses $20 per metric ton. Some other examples, all cited in cost per metric ton of emissions: Microsoft's range is $6 to $7; Disney uses $10 to $20; and Google's metric is $14, based on the prices that have emerged under California's cap-and-trade program.

Generally speaking, it seems that the longer the life of an asset, the higher the price on carbon. The method that Xcel Energy uses to model its calculations offers some insight. In Colorado, for example, the utility used carbon pricing scenarios to help guide the addition of 450 megawatts of wind capacity and 170 megawatts of solar capacity (still pending approval), Ihle said. During its bid proposals for these projects, the Colorado Public Utilities Commission required Xcel's subsidiary there to use two cases for its bid: in one, the price for carbon was $0 per ton; in the second, the price was $20 per ton, starting in 2017.

"We apply the carbon proxy pricing as an input to the modeling of our utility system," Ihle said. "The models use this carbon proxy price to represent a potential future greenhouse gas policy that incorporate a price on emissions of carbon dioxide, such as a cap and trade program, carbon tax or similar market-based future policy."

Generally speaking, companies are setting their prices according to what might happen or is already happening in their sphere of operating influence. In California, prices of $14 to $15 per metric ton tend to track the cap-and-trade program there. In Canada, where there is a "sub-national" carbon market, the price ranges from $15CN per ton, to $68CN per ton; the high-end of that range is based on projections for 2020 and beyond.

There are many things that the CDP analysis (called "Use of internal carbon price by companies as incentive and strategy planning tool") can't tell us yet.

For one thing, we don't know if these companies are using carbon pricing in every geography or location -- although those with a significant international presence were more likely to do this.

Nor does this initial data tell us how long these companies have using this rubric. But the issue has become "permanently disruptive" to the methods by which companies handle strategic planning and risk management, Carnac said. "In that sense, we believe it's an interesting and positive trend," he added. "We don't have a position on what that price should be."

Who's leading the charge?

Among the U.S. companies that report their carbon emissions, water plans and other climate change strategies to CDP, 27 companies placed a price on carbon, along with two foreign businesses (BP and Royal Dutch Shell) doing the same. Here's a list of those companies, organized by segment. Where applicable, their carbon price range, expressed in dollars per metric ton, are included in parenthesis:

Consumer Discretionary
• Delphi Automotive
• Walt Disney Co. ($10 to $20/metric ton)

Consumer Staples
• ConAgra Foods
• Wal-Mart Stores

Energy
• Apache
• BP ($40)
• Chevron
• ConocoPhillips ($8-$46)
• Devon Energy ($15)
• Exxon Mobile ($60)
• Hess
• Royal Dutch Shell ($40)
• Total ($34)

Financials
• Wells Fargo & Co.

Industrials
• Cummins
• Delta Air Lines
• General Electric Co.

Information Technology
• Google ($14)
• Jabil Circuit
• Microsoft ($6-$7)

Materials
• E.I. du Pont de Nemours and Co.

Utilities
• Ameren ($30)
• American Electric Power Co.
• CMS Energy
• Duke Energy
• Entergy
• Integrys Energy Group
• PG&E
• Xcel Energy ($20)

Grist: Big corporations are getting ready for carbon taxes, even if we're not

Amelia Urry – December 05,2013

http://grist.org/article/big-corporations-are-getting-ready-for-carbon-taxes-even-if-were-not/

When a promising cap-and-trade bill failed in the Senate in 2010, oil and coal companies everywhere must have breathed a sigh of relief, then probably wiped the sheen from their collective brow with a spare Benjamin and got back to work.

It now looks like some of that work involved planning for a time when they would actually lose the battle over their climate sins.

In a report [PDF] released by the UK-based Carbon Disclosure Project (CDP), 29 companies — including the five biggest oil-producers, ExxonMobil, ConocoPhillips, Chevron, BP, and Shell (not that we're keeping track) — report that they are using carbon pricing estimates to plan for hypothetical future regulation in the U.S. This generally means that an estimated carbon price is applied to a corporation's big-investment projects — new drilling rigs, for example — which will likely be subject to some kind of emissions tax in ten or twenty years. For climate hawks and economists disappointed by the failure of carbon tax schemes in the real world, this may sound hopeful: At least SOMEONE believes that carbon-pricing stands a chance, and soon, too. But it's also just good business: With California's fledgling cap-and trade market getting under way, and public opinion on climate change swinging back toward sanity, carbon tax is looking less and less utopian and more like a plausible business expense. The CDP claims that the usage of internal carbon prices demonstrates the "assumption that addressing climate change will be both a business cost and a possible business opportunity." Basically, if companies start planning now, maybe our global economy won't go into a tailspin when we wean ourselves off fossil fuels. Plus, lots of international companies, especially ones operating in regulated Europe or Australia, are already dealing with carbon taxes in some form. Australia prices all consumer fossil fuels at about $21 per ton of carbon; for European countries it falls somewhere between $5 and $80.

ExxonMobil, king of the big five, is no stranger to the carbon debate. Despite a sordid history of funding huge anti-climate-science campaigns to widen the consensus gap between scientists and the general public, the company publicly supported a carbon tax in 2009 (while lobbying against the actual bill in Congress). In the CDP's report, ExxonMobil had the highest reported cost — $60 per ton of carbon, by 2030 — while BP and Shell were more tentative with $40 a ton. (The U.S. government, by comparison, has set a tentative "social cost" price between $37 and $57 for 2015 [PDF].)

Even companies like Google and Disney got in on the carbon-pricing action, using auction prices from California's cap-and-trade scheme to help set the bar. Not everyone is as committed: Walmart claimed only that their estimated price is set "flexibly," whatever that means.

One conspicuous absence (drumroll, please): everyone's favorite climate-denying multinational conglomerate, Koch Industries! The multibillion dollar corporation, with its history of campaigning against all things climate-science-y, has not joined the herd of oil companies in budgeting for carbon tax. The Koch-funded American Energy Alliance has spent $1.2 billion this year alone in attacking candidates who allegedly support a carbon price.
Of course, no one can guarantee that any of the companies reporting internal carbon prices aren't engaging in other forms of shenanigans, hanky-panky, or mustache-twirling in this and other environmental areas. Xcel Energy, one of the 29 companies, was recently embroiled in an attempt to restrict access to local, renewable energy in Boulder, Colo. ExxonMobil, with all its pinkie-promises to be more sustainable, has started investing in natural gas — which is a smart move if carbon starts being taxed, but still lets them get away with plenty of other environmental shenanigans. And planning for a future carbon tax is a long way from actually supporting one. Color us cynical, but we have a hard time believing any energy company is that gung ho to undermine its business model.

"It's climate change as a line item," Tom Rivett-Carnac, the CDP's North American director, told the New York Times. "They're looking at it from a rational perspective, making a profit. It drives internal decision-making."

I guess it's good that someone is looking at it from a rational perspective. Maybe U.S. lawmakers will follow suit.

The New York Times

The New York Times: The Chatter for Sunday, Dec. 8, 2013
http://www.nytimes.com/2013/12/08/business/the-chatter-for-sunday-dec-8.html

“It’s climate change as a line item.”

Tom Carnac, North American president of CDP, an environmental data company, which issued a report saying that at least 29 companies, including Exxon Mobil and Walmart, are incorporating a price on carbon into their long-term financial plans.

ALLGOV
Everything Our Government Really Does

AllGov: Big U.S. Firms on Board to Pay Carbon Fees, Signaling another Republican Party Rift
Danny Biederman, Noel Brinkerhoff – Dec 08, 2013
http://bit.ly/1buA6Lb

The United States’ largest oil companies, as well as dozens of other major corporations, have seemingly decided climate change is for real, and it’s time to prepare for it. But this position does not sit well with many in the Republican Party who refuse to acknowledge climate change and insist on fighting any federal policies addressing it.

At least 29 companies, including ExxonMobil and Walmart, are incorporating a price on carbon into their long-term financial planning, according to a new report (pdf) from CDP, an environmental data firm. The companies are doing this because they expect Washington to eventually require this cost of them in an attempt to reduce greenhouse gas emissions.

“The development is a striking departure from conservative orthodoxy and a reflection of growing divisions between the Republican Party and its business supporters,” Coral Davenport wrote for The New York Times. “The divide, between conservative groups that are fighting against government regulation and oil companies that are planning for it as a practical business decision, echoes a deeper rift in the party, as business-friendly establishment Republicans clash with the Tea Party."

Many in the GOP are afraid that these companies will be more likely to support policies pushed by Democrats to slow down global warming.

Critics also include Charles and David Koch, the billionaire backers of Republican candidates, who object to any climate change policy that may impact their oil and paper-goods businesses.

And yet ExxonMobil, the nation's largest oil corporation—which, along with the four other top oil producers, are major contributors to the Republican Party—has publicly acknowledged that fossil fuels contribute to climate change. That was not its position a decade ago, according to Davenport.

"Ultimately, we think the government will take action through a myriad of policies that will raise the prices and reduce demand" of carbon-polluting fossil fuels, Alan Jeffers, an ExxonMobil spokesman, told the Times.

The bottom line is that the companies are making business decisions, according to CDP North American president Tom Carnac. "It's climate change as a line item," he told the Times. "They're looking at it from a rational perspective, making a profit. It drives internal decision-making."

Government taxing of emissions resulting from carbon pollution regulations may well be in the future, and companies know this. "Companies see that the trend is inevitable," insisted Carnac. "What you see here is a hardening of that understanding."

Many observers seem to agree that companies hit with these fees will pass the costs on to their consumers, which will have the effect of transitioning the market away from coal and oil—contributors of global warming—and over to renewable energy sources.

That scenario doesn't sit well with the contingent within the Republican camp that does not subscribe to what the majority of the scientific community has determined is the cause of climate change.

ExxonMobil's Jeffers said that his company will be on board with a carbon tax provided it is offset by an equivalent tax cut, a proposal that has been endorsed by former Vice-President Al Gore.

"ExxonMobil and many other large companies understand that climate change poses a direct economic threat to their businesses," Dan Weiss, director for climate policy at the Center for American Progress, told the Times. "They need to convince their political allies to act before it's too late."

Herald Tribune: Business and carbon: Prepared to put a price on emissions

Sunday Dec 08,2013

http://www.heraldtribune.com/article/20131208/OPINION/312089998/-1/news300?p=1&tc=pg

Dozens of the nation's largest corporations, including the five major oil companies, are preparing for the day when carbon pollution is taxed as a way to control climate change.

The question is: Where is Congress on the issue?

Unfortunately, the answer is that -- on our energy future as on so many crucial issues -- Congress has stalled out.

Maybe the realization that major U.S. corporations are assessing the realistic future costs of climate change will jump-start congressional action. It's long overdue.

The news that oil giants ExxonMobil, ConocoPhillips, Chevron, BP and Shell -- as well as Walmart, Microsoft, General Electric and more than 20 other companies -- are incorporating a price on carbon pollution into their long-term financial plans was revealed in a study by the environmental data company CDP. The New York Times' Coral Davenport reported on the CDP analysis last week.

Many economists have long concluded that putting a price on carbon pollution -- that is, the emissions from burning oil, gas and coal -- is the simplest and most effective way to fight man-made climate change.

How a carbon tax works

Here's how it works: If an industry pays a tax on its carbon emissions, Davenport noted, "the costs will be passed on to consumers in higher prices for gasoline and electricity. Those high prices are expected to drive the market away from fossil fuels like oil and coal, and toward low-carbon renewable sources of energy."

Revenue generated by the tax, in turn, could be directed to research and development of alternative energy sources such as solar and wind power.

Congress has tried before to enact a carbon price, but the efforts failed -- largely because the oil and gas industry financed lobbying campaigns against them.

In 1994, Al Gore, who was vice president at the time, led a failed effort to pass a climate change bill that would have effectively taxed carbon pollution.

In 2009, President Obama pushed a bipartisan "cap and trade" bill that would have required companies whose carbon emissions exceeded set levels to buy emission rights from others who polluted less. That failed, too, when critics condemned the complex process as just a back-door tax.

Climate-change legislation has gone nowhere since then, but the energy and corporate landscape has changed significantly in recent years.

Because of the "fracking" process, the United States is now among the world's largest producers of natural gas, which creates less carbon pollution than oil or gas.

And, the Times' Davenport reported, "ExxonMobil is now the nation's biggest natural gas producer, meaning that it will stand to profit in a future in which a price is placed on carbon emissions."

Alan Jeffers, an ExxonMobil spokesman, told Davenport that his company "would support a carbon tax if it was paired with an equal cut elsewhere in the tax code" -- the same policy that Gore endorsed almost 20 years ago.

Kochs opposed

Not all U.S. corporations are jumping on the carbon-tax bandwagon. Koch Industries, a conglomerate owned by ultra-conservative brothers Charles and David Koch, is gearing up its continuing, aggressive campaign against any tax or price on carbon. The Kochs, whose company includes oil refiners and the paper-goods manufacturer Georgia-Pacific, are major supporters of tea party political causes.

Congress, at some point, might have to choose between the Kochs and much of the rest of corporate America -- all of whom have been generous contributors to lawmakers' political campaigns.

Let's hope that the effects of carbon pollution on the health and well-being of current and future generations of average citizens also receive some consideration.