



SEEING THE LIGHT
OBAMA TOURS THE SOLAR
POWER PLANT AT NELLIS AIR
FORCE BASE IN 2009.

BEYOND A CARBON TAX

BY SHARON BEGLEY

WHEN PRESIDENT OBAMA ANNOUNCED plans this month to install solar panels on the White House, it was to set an example, not because any law required it. The U.S. military began using solar panels in Afghanistan because it costs \$400 to \$500 a barrel to transport diesel to bases there and because hundreds of soldiers have died guarding supply lines, not because of a carbon tax. And when DuPont cut its energy use to 19 percent below what it was in 1990 by turning waste into fuel, making burners more efficient, and taking other steps, it wasn't to stay on the right side of a cap-and-trade law. "We've saved \$3 billion to \$4 billion since 2000, so this is real money," says Linda Fisher, the company's chief sustainability officer.

A year ago, CEOs, greens, and policy wonks were all insisting that to make any progress on greenhouse emissions, the world needed to "put a price on carbon." De-jargoned, that means requiring manufacturers, utilities, oil refiners, and others who emit carbon dioxide by burning fossil fuels to buy permits to do so or pay a tax on their emissions. Without such a "price on carbon," went the argument, renewables like wind and solar would never be economically competitive, and only do-gooders and showoffs would adopt them. So after the Copenhagen climate talks imploded last year, and, more recently, the U.S. Senate failed to pass a climate bill, progress

should have come to a screeching halt.

It didn't. For a long list of reasons, ranging from saving money to saving soldiers' lives, business and government are cracking down on carbon. "It's become obvious that [adopting low-carbon energy] is a business decision," says Peter Boyd of the Carbon War Room, a "think tank/do tank" that works with industries to reduce their carbon footprint. "You don't need politicians for this." The motivations driving CO₂ reductions:

SAVING AND MAKING MONEY. Retrofits such as energy-efficient windows at the Empire State Building, which had an \$11 million annual energy bill, will cut energy use by 38 percent, save \$4.4 million a year, and slash greenhouse emissions 105,000 metric tons over 15 years. The Willis (formerly Sears) Tower is tapping Chicago's winds for energy and improving efficiency to cut CO₂ emissions by 80 percent and save millions of dollars.

REPUTATION RISK. Next March, the EPA will require large emitters of CO₂ to report their emissions. "No company wants to wind up on a list of 'top-10 worst polluters,'" says Matt Arnold, head of the sustainability practice at PricewaterhouseCoopers. "Reducing your footprint helps with some investors and with recruiting." No wonder 70 percent of the S&P 500 have greenhouse-gas-reduction targets.

THE WAL-MART EFFECT. The giant retailer sets sustainability requirements for suppliers and manufacturers. "We find that Wal-Mart is the most powerful environmental regulator in the market," says Arnold.

PEAK OIL. Although investors fled solar and wind after oil plunged from its \$145-a-barrel highs of 2008, "there is still an expectation on the part of investors that things will get worse" when we reach peak oil, says Jigar Shah, CEO of the Carbon War Room. That creates an implicit price on carbon and thus an incentive to invest in renewables. In addition, he argues, "solar is inevitable not because of carbon but because it is the most effective way to reach the un-electrified poor." Much as huge swaths of Africa leapfrogged over landline phone systems to adopt mobiles, so the rural poor will go from dung and diesel to solar and wind without stopping at coal and oil.

Which is not to say the world can sit back and hope these factors avert a climate disaster. As long as fossil fuels are subsidized, renewables will not expand as quickly as needed to reduce greenhouse emissions enough to avert ruinous climate change (Pakistani-size floods, anyone?)—namely, cuts of 90 percent from today's levels by 2050, says Daniel Kammen of the World Bank. "Without a price on carbon, we're fighting with only one hand," he says. But at least we're fighting. □