Full-Cost Pricing Proposal Summary
(October 12, 2015 revision)

Proposal: That EMU begin administering full-cost pricing on its use of fossil fuels to be accounted for annually, by calendar year.

Background and context: EMU President Loren Swartzendruber signed the American College and University Presidents' Climate Commitment in 2013, which affirmed an institutional process already working toward broad--but vague--goals of reducing EMU's climate impact. The President's Commitment raised the urgency for more timely and specific actions, publicly committing the university to achieve climate neutrality (since determined to be by 2035: see Climate Action Plan [EMU-CAP]). Coinciding with--and bolstered by--the President's Commitment, EMU's Creation Care Council crafted and adopted a statement of foundational understandings about climate change to guide planning and action:

1. We accept the scientific consensus on the realities of climate change and the role of human behavior in contributing to the problem.
2. We acknowledge that the wealth and opportunities afforded us today, unprecedented in human history, are partly due to energy derived from fossil fuels over the past 150 years, which we now know to cause climate imbalances.
3. We agree that the effects of climate change disproportionately impact those who have contributed to it least, and who are least-equipped to adapt to predicted environmental, social, economic, and political changes.
4. We agree that our continued emissions of greenhouse gases places further strain on the poor and disadvantaged, and impacts all of Creation.
5. We agree that the operations of EMU and each of our individual parts in it are contributing to climate change.
6. We agree that we have a responsibility and choice as an institution and as individuals to reduce our climate impact.
7. We agree that taking full institutional responsibility requires a policy-level action plan.

The position of EMU on climate change recognizes both the perils of climate emissions from fossil fuel-derived energy, generally, and the complicity of the institution in its ongoing use of such fuels in its operations. EMU has committed to achieve climate neutrality, but while that two-decade process is underway, an additional step is needed to acknowledge and pay for university contributions to climate change; this could be accomplished by transferring the value of the unpaid ecological cost to reparations projects in areas of the world most affected and least able to adapt to a changing climate. In addition to taking responsibility for our behaviors and decisions, this action will also achieve the following:

1. University stakeholders will grow to recognize that we have not been paying the full cost of fossil fuel-derived energy through our regular utility bills and other energy pricing, and yet we have a choice to take responsibility for our actions as a voluntary commitment as long as consumers are not forced to pay a carbon tax built into pricing policies.

2. Through annually budgeted contributions to climate-change reparations, the university will begin to structurally account for at least some of the social and ecological costs of our actions, while fulfilling our mission of learning about and addressing situations of human suffering in the world.
3. EMU will establish a designated Climate Change Reparation Fund and encourage voluntary contributions for the purpose of building more widespread support and offering a mechanism for members to meet their personal (and professional) ecological commitments.
4. Future EMU decisions about energy use will include full cost calculations as part of the cost-benefit analysis; this will employ a market mechanism to provide financial incentive to speed progress toward meeting targets of the EMU Climate Action Plan and speed the transition to clean(er) and/or renewable energy sources.

Inclusions and exclusions: Initially, EMU will assess full cost pricing on emissions of their most widely understood uses of fossil fuels, and those able to be most precisely measured, including:

1. Gas and fuel oil purchased for university use
2. Ground transportation for university work, excluding:
    a. student commuting to campus (considered scope 1 for individual students)
    b. employee commuting to work (considered scope 1 for individual employees)
    c. ground transport during cross-cultural trips (see explanation below)
3. Air travel for university work, excluding air travel for cross-cultural programs (see below)
4. Electricity purchased from local utility (representing regional fuel mix portfolio)
5. Transmission and distribution losses on purchased electricity from local utility

This stated list captures most, but not all, emissions required for an accounting of greenhouse gas inventory as part of the EMU-CAP; it also does not account for allowable carbon offsets, such as for composting and solar renewable energy credits. It is deemed that the unlisted emission sources, as well as the offset mechanisms, are more uncertain in measurement, and more complex in concept, to include in this proposal for a new model; these may be added later depending on growth of knowledge and support for the full cost pricing model.

Cost of Carbon: With recognition that there remains some level of scientific uncertainty on the social cost of carbon, today and in the future; EMU will rely on best-available and most-trusted sources. Initially, EMU proposes a price of $40 per metric ton of CO2e through 2019. This is from the Environmental Protection Agency (EPA) using a 3% discount rate (at the mean). As an example, $40/ton CO2e would currently (HEC-2015) add two cents/KWh for electricity and 36 cents/gallon for gasoline.

Costs and Proceeds: The cost of climate emissions could be accounted for by budgeting some percentage of the total cost in the annual operating budget; this would institutionalize the responsibility and commitment to pay for own damages. The balance could be solicited from university stakeholders; this effort would keep the issue in front of members, would be

informative and educational, and it would provide a trusted mechanism for stakeholders to utilize while attempting to meet their personal and/or professional climate commitments. Budgeted emissions costs, along with voluntary contributions from stakeholders, could feed a Climate Change Reparations Fund (CCRF). The CCC (possibly in collaboration with others) will make decisions about climate change reparations projects to support.