

UK ECONOMIST: MODELS 'GROSSLY UNDERESTIMATE' COSTS OF GLOBAL WARMING

Leading climate change economists release a paper urging a higher price on carbon deep cuts in greenhouse gas emissions

The report, co-authored by leading climate economist Nicholas Stern and Simon Dietz from the Grantham Research Institute, [makes the case](#) that existing economic models "grossly underestimate" the costs of global warming.

The authors note that the risks are so great that a "globally coordinated carbon price of USD 32 - USD 103 per tonne of emissions is needed as soon as 2015 to prevent the temperature increase from exceeding 2 degrees of pre-industrial age levels."

Further, the carbon price will need to nearly triple in real terms to USD 82 - USD 260 within two decades. In [the report](#), which is published in *The Economic Journal*, the authors also underscore the need to greatly reduce GHG emissions.

The revised model by the two authors also takes into account the likelihood that the global economy's ability to generate new wealth would be affected by extreme weather, warming and other impacts from climate change. By contrast, the current model only accounts for effects on output rather than the capital itself.

QUOTE OF THE WEEK

"We're the first generation to feel the sting of climate change, and we are the last generation that can do something about it."

—Jay Inslee, Governor of Washington
"Years of Living Dangerously"

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NEW KPMG REPORT: ENVIRONMENT, DEMOGRAPHICS, TECHNOLOGY ALL MEGATRENDS AFFECTING MONEY MANAGERS

Report entitled "Investing in the Future" outlines several megatrends creating a more challenging world for money managers

In a recently released report, KPMG identified megatrends—including demographic shifts, technological developments, environmental awareness, and social behavior, ethics and values—which are expected to [create challenges and opportunities](#) for money managers in the

future. The consulting firm noted a "growing acceptance by investors and managers regarding environmental, social and governance factors, should result in significant growth in socially responsible investing by 2030".

Demographic shifts will also create opportunities. According to [the report](#), by 2030 13% of the global population will be older than 65 years, compared with 8% of the global population in 2014.

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NEW REPORT WARNS WORLD'S ENERGY SYSTEMS VULNERABLE TO CLIMATE IMPACTS

A range of energy systems—from nuclear reactors to coal-fired power plants—will be vulnerable

The impacts of climate change, including rising sea levels, increased droughts and floods, and extreme weather events may threaten the world's energy systems. [The report](#), published jointly by the World Energy Council, the University of Cambridge, and the European Climate Foundation, notes that while many [point to energy companies](#) as significant contributors to climate change, those same companies will also be hit hard by its impacts, especially as low-

lying generators and power plants are impacted by extreme weather events. The most recent example is the Fukushima nuclear plant in Japan which closed following a tsunami.

The report urges energy companies to understand their vulnerabilities to climate change, saying that adaptations such as building resilient power networks would help them avoid the most damage. Another key recommendation was to create smarter energy distribution networks—or “smart grids” which would save energy by distributing energy from generators to users in more intelligent and efficient ways.

STAT OF THE WEEK

“95% of our fresh produce is already at risk from climate change” according to UK supermarket, Asda.

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REPUBLICAN EX-EPA HEADS SHOW SUPPORT FOR NEW CARBON REGULATIONS

Former EPA-chiefs support action to limit pollution from power plants

Several former Environmental Protection Agency chiefs, including William Ruckelshaus, the first EPA chief, who served under Richard Nixon and Ronald Reagan, voiced support for President Obama's [recent regulation](#) which will limit pollution from

coal-fired power plants. Ruckelshaus, along with other Republican former EPA chiefs pointed to recent public support for the bill and criticized other Republican lawmakers who have obstructed climate legislation for not responding to public demand.

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BELIEVE IT OR NOT

In Chile, World Cup fans will be celebrating sans fire and smoke this year. The government issued an environmental alert, asking fans to stop barbecuing as pollution increases to five-year highs in Santiago.

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