

## Companies increasingly counting internal cost of carbon

Almost 30 public-traded US companies are using an 'internal carbon price' in their business planning, according to a new report by CDP.

The organisation formerly known as the Carbon Disclosure Project finds companies spanning all sectors of the economy, including energy, utilities, airlines, technology and the financial industry are using the measurement. All of the companies bar BP and Royal Dutch Shell are listed in the S&P 500.

Internal carbon pricing is a method of recognising the external cost of companies' operations on the environment and society, as well as incorporating the effects of climate change into risk assessment and long-term business planning.

Moreover, most companies in the survey told CDP they were accounting for their impacts now because they expect an eventual regulatory approach to prevent climate change.

The CDP report suggests more and more companies are using the internal carbon pricing, although the actual price set varies hugely. The Walt Disney Company discloses a price range of between \$10 and \$20 per metric ton, Google \$14 and Xcel Energy \$20, while across the 29 companies the level varied between \$6 and \$60.

"Many companies across the US have come to recognise that there is a price associated with the carbon they emit and an economic opportunity in factoring a carbon price into their business model," said Tom Carnac, president of CDP North America.

"Companies view the establishment of an internal carbon price as both an evaluation of risk and a business opportunity if they take steps to limit carbon pollution before others do."