

A new global warming solutions map from McKinsey and Company shows that we know how to solve global warming while growing our economy. Considering only demonstrated technologies, McKinsey has shown that, given aggressive policy support, we can cut emissions 30 percent from current levels by 2030—establishing a clear path towards the up to 80% reductions by 2050 needed for the U.S. to do its share to contain global warming.

Many of these measures, such as energy efficiency upgrades in buildings and more fuel efficient vehicles, will provide cost savings for business and consumers if we enact policies to overcome market barriers. Higher cost measures, such as carbon dioxide capture and geologic disposal, will also be needed, but the study shows that savings from measures with positive economic returns would roughly offset the cost of the more expensive abatement opportunities—if we act now to start redirecting investment towards clean solutions. In sharp contrast, the Stern report and IPCC suggest that avoiding global warming will yield direct economic benefits in the range of 1-5% of GDP, or as high as 20% considering avoided ecological damage and catastrophic risks.

The full economic story is even more promising. The McKinsey study offers a credible roadmap to unlock global warming solutions at little or no cost to the economy—suggesting sharply positive net benefits from abatement once the value of containing climate change is factored in; however, in the interest of clarity and simplicity, the study excludes important side benefits from early action. These include:

- unforeseen innovations that will emerge once governments and investors respond to new incentives to contain emissions, including thousands of measures to address emissions sources too small for McKinsey to consider case-by-case;
- demand reductions in response to price signals and policy innovations such as smart growth and congestion pricing; and,
- public benefits from sharply reduced dependence on foreign oil and lower levels of local air pollution

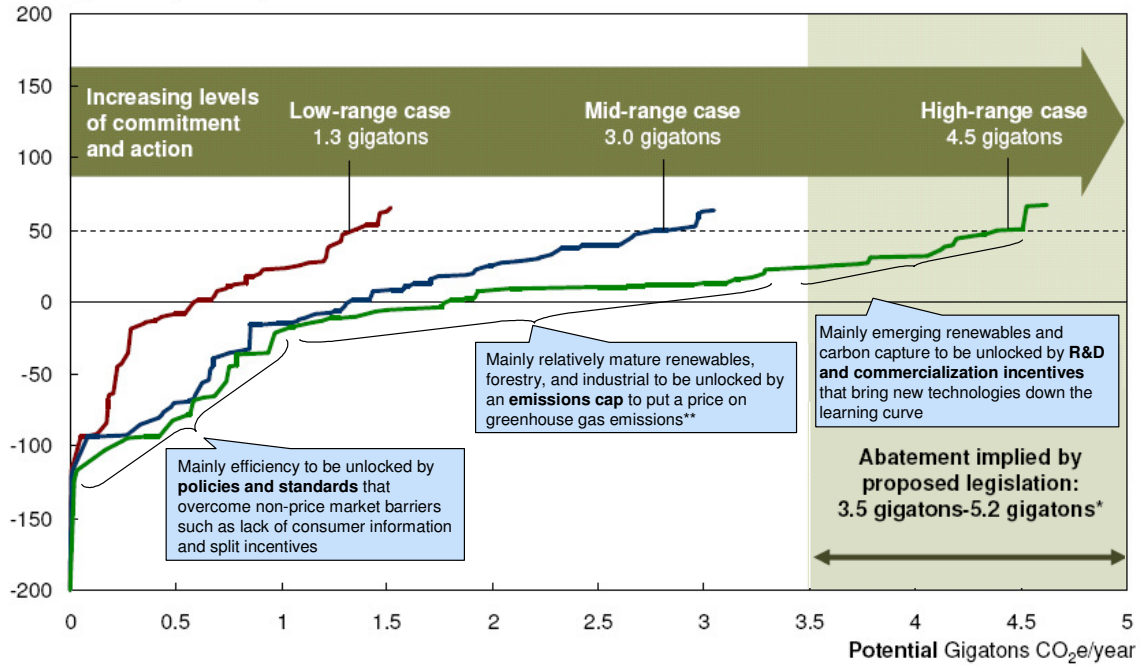
To seize the opportunities described in the McKinsey study we must act now. We need immediate policy action to enable businesses to profit by rapidly scaling up solutions. This includes establishing both a carbon cap—such as that proposed in America’s Climate Security Act—and complementary policies—such as those included in pending energy legislation—to unlock:

- massive potential from energy efficiency investments that more than pay for themselves through lower energy bills;
- emerging potential from declining cost technologies like renewables and carbon capture and storage

The full report is available at <http://www.mckinsey.com/client-service/ccsi/greenhousegas.asp>

US greenhouse gas abatement potentials in 2030 increases with faster and more comprehensive policy commitment

Cost \$(2005 real) ton CO₂e

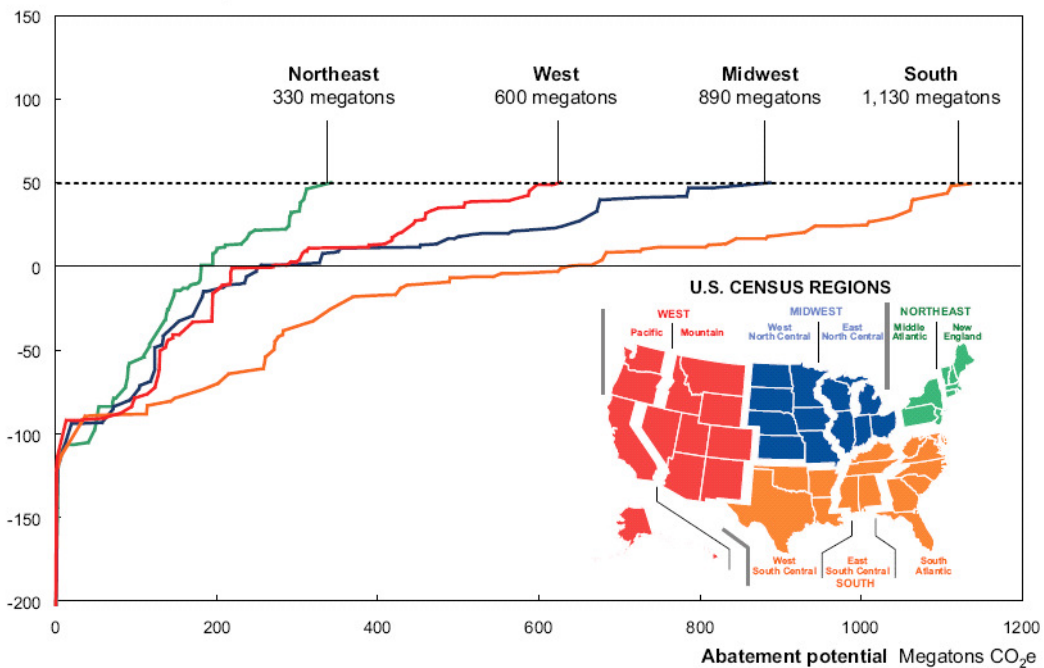


* Based on bills in Congress; Targets calculated off the 2030 U.S. GHG emissions of 9.7 GtCO₂e/year (DOE/USDA/EPA reference case)
 ** Putting a price on CO₂ and other greenhouse gas emissions also helps on the margin to encourage energy efficiency and innovation
 Source: McKinsey Analysis plus NRDC callouts regarding policy

US greenhouse gas abatement potentials in 2030 by regions: Significant opportunities exist in all parts of the country

Mid-Range Commitment and Action Case - 2030

Cost Real 2005 dollars per ton CO₂e



Source: McKinsey Analysis