BEFORE THE OFFICE OF ADMINISTRATIVE HEARINGS
FOR THE MINNESOTA PUBLIC UTILITIES COMMISSION
STATE OF MINNESOTA

In the Matter of the Further Investigation in to
Environmental and Socioeconomic Costs
Under Minnesota Statute 216B.2422, Subdivision 3

OAH Docket No. 80-2500-31888

MPUC Docket No. E-999-CI-14-643

ERRATA SHEET

to

Rebuttal Testimony of and Exhibits of

Dr. Richard S.J. Tol dated August 12, 2015

September 10, 2015

Dr. Richard S.J. Tol provides the following corrections to his Sur-Rebuttal Report dated September 10, 2015.

Page 4:

70 The Ramsey rule relates to the reasons that receiving money today is preferred over
71 receiving it in the future. As noted, under the Ramsey rule, the discount rate varies with
72 economic growth. As economic growth is unlikely to be constant over long periods of time, a
73 constant discount rate is ~~likely~~ **unlikely** to equal the appropriate discount rate. Similarly, the Ramsey
74 rule dictates that the discount rate should differ between different scenarios of future
75 economic growth, and between countries growing at different rates.
76 The IWG used real discount rates of 2.5%, 3.0% and 5.0% and did not use the
77 Ramsey rule, which had an effect on its analysis. Table 1 shows the social cost of carbon for
78 alternative discount rates. The Office of Management and Budget recommends real rates of
79 3.0% and 7.0%, but the IWG used 2.5%, 3.0% and 5.0%. Table 1 shows the full range. The
80 social cost of carbon rises sharply for ~~higher~~ **lower** discount rates.