

<sup>1</sup> **What is the effect of unresolved internal climate variability on climate sensitivity estimates?**

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**10 Abstract.** Current climate sensitivity (CS) estimates are highly uncertain.  
11 Quantifying the sources of this uncertainty is relevant to the design of  
12 climate policies. Here we isolate and evaluate the role of internal climate variability  
13 in driving the climate sensitivity uncertainty using observation system simulation  
14 experiments. We use ensemble runs of the University of Victoria Earth System Climate Model  
15 (UVic ESCM) spanning the last two centuries. We first construct pseudo-observations of global mean temperature  
16 and ocean heat content from the model output at a specified 'true' CS, and  
17 then re-estimate the CS using an inverse method. Our results suggest that  
18 unresolved internal climate variability is a key driver of current CS uncertainty  
19 (as measured by the 68% credible interval). We demonstrate that the  
20 internal variability can result in a large discrepancy between the best CS estimate  
21 and the truth. Since current best CS estimates based on the observed  
22 warming all rely on the same variability, they may be considerably higher  
23 or lower than the true value. The estimation uncertainties increase at higher  
24 climate sensitivities, suggesting that a high CS might be difficult to detect  
25 due to the effects of observational errors and internal climate variability.

## 1. Introduction

27 Future climate projections strongly depend on climate sensitivity (CS) [Matthews and  
28 Caldeira, 2007; Knutti and Hegerl, 2008]. CS is the equilibrium global mean near-surface  
29 temperature change for a doubling of atmospheric CO<sub>2</sub> concentrations [Andronova *et al.*,  
30 2007; Knutti and Hegerl, 2008]. Many recent studies attempted to estimate climate sensi-  
31 tivity [Forest *et al.*, 2002, 2006; Knutti *et al.*, 2003; Tomassini *et al.*, 2007; Drignei *et al.*,  
32 2008; Holden *et al.*, 2010; Olson *et al.*, 2012; Urban and Keller, 2010, and others], yet this  
33 quantity remains highly uncertain [Hegerl *et al.*, 2007; Edwards *et al.*, 2007].

34 Several sources contribute to this uncertainty. They include (i) climate model error, (ii)  
35 unresolved internal climate variability, and (iii) observational error. We refer to the sum  
36 of these processes as 'unresolved climate noise'. Quantifying the relative contribution of  
37 these sources of uncertainty is of considerable policy relevance. Here we focus on the role  
38 of the unresolved internal climate variability. The unresolved internal climate variability  
39 is the part of the observed internal climate variability record that a climate model can  
40 not reproduce.

41 We use observation system simulation experiments (OSSEs) to analyze the role of inter-  
42 nal climate variability. OSSEs are a common tool in physical and environmental sciences  
43 to evaluate observation system designs [*e.g.*, Huang *et al.*, 2010a, b; Serra *et al.*, 2011; Za-  
44 kamska *et al.*, 2011; Urban and Keller, 2009]. In OSSEs, synthetic observations ('pseudo-  
45 observations') are first generated from a model with known 'true' parameter setting by  
46 adding noise representing observational error. Then the parameters are re-estimated using  
47 the pseudo-observations.

48 Our starting point is an ensemble of Earth System Model runs spanning the last two  
49 centuries where climate sensitivity is systematically varied. The ensemble also accounts  
50 for the uncertainty in ocean mixing and radiative effects of anthropogenic sulfates [Olson  
51 *et al.*, 2012]. We develop a statistical approximator ('emulator') of our climate model  
52 and use it to estimate model output at the parameter values where the model was not  
53 evaluated. In a suite of OSSEs, we construct pseudo-observations of surface temperature  
54 (T) and upper ocean heat content (0-700 m, OHC) by contaminating the model output  
55 at a set 'true' CS with unresolved climate noise. We then re-estimate CS using the  
56 pseudo-observations, and an inverse parameter estimation method. We use this approach  
57 to address three main questions: (i) How well can we constrain CS using observations of  
58 temperature and upper ocean heat content? (ii) Do the estimation uncertainties depend  
59 on the input CS? and (iii) What is the contribution of the unresolved internal climate  
60 variability to the CS uncertainty? We give further details on the Earth System model, the  
61 parameter estimation methodology, and the experimental design in the following sections.

## 2. Methods

### 2.1. Earth System Model Simulations

62 We use the University of Victoria Earth System model (UVic ESCM) version 2.8  
63 [Weaver *et al.*, 2001]. Our modified version of the model includes an updated solar ra-  
64 diative forcing, and implements additional greenhouse gas, volcanic, and anthropogenic  
65 sulfate aerosol forcings [Olson *et al.*, 2012]. We use an ensemble of 250 historical UVic  
66 ESCM runs spanning the years 1800-2010. The ensemble samples model parameters CS  
67 (through an additional parameter  $f^*$ ), background vertical ocean diffusivity ( $K_{bg}$ ) and a

68 scaling factor for albedoes due anthropogenic sulfate aerosols ( $A_{sc}$ ) [Olson *et al.*, 2012].

69 The ranges for the climate model parameters are given in Table 1.

## 2.2. Gaussian Process Emulator

70 Our methodology to estimate the probability density function for CS given the pseudo-  
71 observations requires orders of magnitude more UVic ESCM runs than computationally  
72 feasible to carry out with a typical computational environment (see Section 2.3). We  
73 overcome this hurdle by using the UVic ESCM emulator described in Olson *et al.* [2012].

74 Emulators are fast statistical approximators to climate models, and are often used in  
75 climate science [Drignei *et al.*, 2008; Holden *et al.*, 2010; Edwards *et al.*, 2011; Bhat *et al.*,  
76 2012; Olson *et al.*, 2012]. Because of their speed, they help to better sample model  
77 parameter space. Our emulator relies on model output at the 250 parameter settings  
78 of the ensemble and interpolates the model response to any desired parameter setting.  
79 Specifically, the emulator estimates global average annual surface temperature anomalies  
80 T (years 1850-2006) and upper ocean heat content anomalies OHC (0-700 m, years 1950-  
81 2003). These times reflect the coverage of pseudo-observations (Section 2.3) and are  
82 consistent with the span of observations from Brohan *et al.* [2006] and Domingues *et al.*  
83 [2008]. The temperature anomaly is with respect to years 1850-1899, while the OHC  
84 anomaly - to years 1950-2003.

85 The emulator works in rescaled model parameter coordinates such that each parameter  
86 ranges from zero to unity. The emulator models the climate model output as a sum of  
87 a quadratic polynomial in the rescaled parameters, and a zero-mean Gaussian process  
88 with an isotropic covariance function (*i.e.*, the smoothness of the Gaussian Process is the  
89 same in all rescaled climate model parameter directions). We use the emulator to only

90 interpolate the model outputs between the parameter settings. There is no extrapolation  
 91 beyond the range of the ensemble. The emulator provides a reasonable approximation to  
 92 UVic ESCM over the parameter ranges used [*Olson et al.*, 2012].

### 2.3. Observation System Simulation Experiments

93 We conduct several OSSE to address three questions. First, how well can pseudo-  
 94 observations of temperature and upper ocean heat content constrain climate sensitivity  
 95 (in terms of the width of CS probability density function (pdf), and the scatter of the  
 96 estimated CS mode for repeated experiments)? Second, does the estimation skill depend  
 97 on the input CS? Finally, how important is the unresolved internal climate variability for  
 98 the CS uncertainty (as measured by the width and the scatter of the CS pdfs)?

The OSSEs involve two main parts: (i) Generation of pseudo-observations from the UVic ESCM given assumed 'true' CS and (ii) Re-estimating CS given the UVic ESCM model output, the pseudo-observations, and the inverse parameter estimation method. In the first stage, we answer the following question: Given a 'true' CS, and assuming that the UVic ESCM emulator correctly models climate response to historical forcings, what time series of temperature and ocean heat content can we theoretically observe? To this end, we construct pseudo-observations by superimposing unresolved climate noise on the UVic ESCM emulator output at a pre-defined 'true' climate parameter setting. The unresolved noise models the sum of the processes that result in the discrepancy between the observations and the emulator. Mathematically, the noise  $n$  is defined as:

$$n_{t,k} = y_{t,k} - \tilde{f}_{t,k}(\theta), \quad (1)$$

99 where  $y$  refer to the observations,  $\tilde{f}$  is the emulator output,  $\theta$  is the vector of model  
 100 parameters ( $K_{bg}$ , CS,  $A_{sc}$ ),  $t$  is the time index, and  $k$  is the diagnostic index (*i.e.*  $k = 1$   
 101 for T, and  $k = 2$  for OHC).

102 We approximate the unresolved climate noise by an AR(1) process. Exploratory data  
 103 analysis shows that this is a reasonable assumptions for all OSSEs presented here. Specif-  
 104 ically,

$$n_{t,k} = \rho n_{t-1,k} + w_{t,k}, \quad (2)$$

105 where  $\rho$  is first-order autocorrelation and  $w$  is an independently and identically distributed  
 106 Gaussian noise with the innovation standard deviation  $\sigma_k$ . This AR(1) process is com-  
 107 pletely specified the by  $\sigma_k$  and  $\rho_k$  parameters.

108 The second stage of the OSSE addresses that question of what CS pdfs we expect for a  
 109 given 'true' CS value and different realizations of the unresolved climate noise? Following  
 110 *Olson et al.* [2012], we re-estimate CS using the following statistical model:

$$y_{t,k} = \tilde{f}_{t,k} + b_k + n_{t,k}, \quad (3)$$

111 where  $b_k$  is an additional time-independent bias. To be consistent with *Olson et al.* [2012]  
 112 we set the bias term for OHC to 0 in this stage. Associated with each parameter value  $\Theta$   
 113  $= (K_{bg}, \text{CS}, A_{sc}, \sigma_T, \sigma_{OHC}, \rho_T, \rho_{OHC}, b_T)$  there is a likelihood function which describes  
 114 the probability of observations given this parameter value (please see the Appendix).  
 115 The posterior probability for each parameter setting is obtained using Bayes Theorem  
 116 by multiplying the likelihood function by the prior probability for the parameters. We

estimate the joint posterior pdf for  $\Theta$  using Markov chain Monte Carlo (MCMC). The MCMC algorithm [*Metropolis et al.*, 1953; *Hastings*, 1970] is a standard computational approach for estimating multivariate posterior pdfs. Our implementation of the method follows *Olson et al.* [2012]. Specifically, our MCMC parameter chains are 300,000 members long for each unresolved noise realization. The actual number of required emulator runs is higher because only a subset of tested parameter settings are accepted into the chain. For each experiment, we repeat the procedure of generating pseudo-observations and estimating CS sixty times, each time relying on a different random realization of the unresolved climate noise process. Two out of sixty realizations are tested for convergence by running the estimation twice with different initial values for the final MCMC chain. We have not detected any convergence problems with our algorithm.

The OSSEs share the same general set-up, with relatively minor differences. Specifically, the experiments differ in assumed 'true' parameter values, in the priors, and in the assumptions about the unresolved noise process (Table 2).

In the first experiment, called 'Standard', we address the power of the observations to constrain CS assuming realistic knowledge of climate uncertainties. Here we use mean estimates from the base case of *Olson et al.* [2012] as 'true' climate parameters. These values are  $K_{bg} = 0.19 \text{ cm}^2\text{s}^{-1}$ , CS =  $3.1 \text{ }^{\circ}\text{C}$  and  $A_{sc} = 1.1$ . For unresolved climate noise we adopt the modes from the base case of *Olson et al.* [2012]:  $\sigma_T = 0.10 \text{ }^{\circ}\text{C}$ ,  $\sigma_{OHC} = 2.6 \times 10^{22} \text{ J}$ ,  $\rho_T = 0.58$ , and  $\rho_{OHC} = 0.079$  ('UVic ESCM Residuals' in Figures 1 and 2). For simplicity, we do not use bias terms when generating pseudo-observations, since the 95% posterior credible intervals for these terms include zero [*Olson et al.*, 2012]. We use uniform priors for all parameters.

140 In the experiment 'Nat. Var.', we address the following question: What could the  
141 estimated pdfs look like if the only source of the discrepancy between the model and the  
142 observations were the unresolved internal climate variability? By the internal climate  
143 variability we mean the variations in the mean state of the climate on all spatial and  
144 temporal scales beyond that of individual weather events due to natural internal processes  
145 within the climate system (as opposed to variations in natural or anthropogenic external  
146 forcing) [Baede, 2007]. The only difference between 'Nat. Var.' and 'Standard' lies in the  
147 values for the unresolved noise parameters. In the 'Nat. Var.' experiment we assume that  
148 the unresolved noise models the internal climate variability only. We also assume that  
149 the UVic ESCM emulator does not include any substantial internal climate variability.

150 Unfortunately, estimating the internal climate variability from observations is con-  
151 founded by the observational errors, particularly in the case of OHC. Thus, following  
152 *Tomassini et al.* [2007] and *Sanso and Forest* [2009] we approximate the internal vari-  
153 ability by using the output from General Circulation Models (GCMs). We fit an AR(1)  
154 process to detrended near-surface annual atmospheric temperature and 0-700 m ocean  
155 heat content anomalies from preindustrial control runs of three climate models: BCCR-  
156 BCM2.0 [*Otterer et al.*, 2009], GFDL-CM2.1 [*Delworth et al.*, 2006; *Gnanadesikan et al.*,  
157 2006] and UKMO-HadCM3 [*Gordon et al.*, 2000; *Pope et al.*, 2000; *Johns et al.*, 2003].  
158 The output of these runs was obtained from the World Climate Research Programme's  
159 (WCRP's) Coupled Model Intercomparison Project phase 3 (CMIP3) multi-model dataset  
160 [*Meehl et al.*, 2007]. Specifically, we use run 1 for all three models. We discard the first 100  
161 years for BCCR-BCM2.0 because the modeled climate appears to be out of equilibrium  
162 during this period. We detrend the anomalies using robust locally weighted regression

<sup>163</sup> [Cleveland, 1979] with the span  $f$  of 2/3. When calculating OHC, we first obtain temper-  
<sup>164</sup> atures from potential temperatures, and salinities using the UNESCO equation of state  
<sup>165</sup> [UNESCO, 1981] following Bryden [1973] and Fofonoff [1977]. For this conversion we  
<sup>166</sup> find the ocean pressure field from latitude and depth using simplified equations [Lovett,  
<sup>167</sup> 1978]. The resulting AR(1) properties, averaged across the models, are:  $\sigma_T = 0.12$  [°C],  
<sup>168</sup>  $\sigma_{OHC} = 0.51$  [ $\times 10^{22}$  J],  $\rho_T = 0.45$ , and  $\rho_{OHC} = 0.9$  (Table 2, Figures 1 and 2, red  
<sup>169</sup> triangles).

<sup>170</sup> The 'Higher CS' experiment explores the effects of different 'true' parameter values on  
<sup>171</sup> the estimation. It differs from 'Standard' by using a higher 'true' input CS. Specifically,  
<sup>172</sup> we adopt  $K_{bg} = 0.19$  cm<sup>2</sup>s<sup>-1</sup>, CS = 4.8 °C and  $A_{sc} = 1.3$ . These values are selected to be  
<sup>173</sup> consistent with the bivariate joint pdfs presented in Olson *et al.* [2012].

<sup>174</sup> The 'Inf. Priors' experiment examines the role of priors. It uses informative priors for  
<sup>175</sup> CS (Figure 3) and  $K_{bg}$  following the default case of Olson *et al.* [2012]. 'Inf. Priors' has  
<sup>176</sup> otherwise the same settings as 'Standard' (cf. Table 2).

### 3. Results and Discussion

<sup>177</sup> Our results suggest that the process driving unresolved internal climate variability is  
<sup>178</sup> a key factor behind the current uncertainty in climate sensitivity estimates. Specifically,  
<sup>179</sup> the average width of the estimated CS pdfs (as measured by the 68% posterior credible  
<sup>180</sup> intervals) in the 'Nat. Var.' case is only modestly lower compared to the 'Standard' case  
<sup>181</sup> (Table 2, Figure 3). This indicates that even if we had perfect models of long term mean  
<sup>182</sup> climate, and errorless observations, our CS estimates would still remain very uncertain due  
<sup>183</sup> to the confounding effect of the unresolved internal climate variability. The variability also  
<sup>184</sup> appears to be a key factor in the second-order uncertainty in climate sensitivity (Figures

185 3 and 4). This uncertainty represents the sensitivity of estimated CS pdfs to different  
186 realizations of the unresolved climate noise, and is measured by the standard deviation  
187 of CS modes between the realizations. Specifically, while the standard deviation is 1.6 °C  
188 in the 'Standard' case, it decreases only slightly to 1.4 °C in the 'Nat. Var.' case (Table  
189 2). Of course, the pivotal role of the internal climate variability should not prevent us  
190 from investing in better future observational systems. *Webster et al.* [2008] find, using a  
191 simplified unresolved climate noise representation, that future observations are expected  
192 to further reduce the CS uncertainty. Our results suggest that internal climate variability  
193 presents a substantial obstacle to estimating climate sensitivity. Whether alternative  
194 approaches that perform joint state and parameter estimation [*e.g.*, *Annan et al.*, 2005;  
195 *Hill et al.*, 2012; *Evensen*, 2009] can overcome this challenge, is thus far an open question.

196 The CS estimation uncertainties increase at higher CS. Specifically, both pdf width and  
197 scatter increase considerably compared to the 'Standard' case (Table 2, Figure 4). This  
198 suggests that higher climate sensitivities can be difficult to detect if a particular realization  
199 of climate noise biases the result low. This is consistent with the analytical model results  
200 of *Hansen et al.* [1985] which show that the dependency of transient ocean warming on  
201 climate sensitivity weakens at high CS. Thus, at high CS, a small uncertainty in a single  
202 ocean surface warming observation implies a larger uncertainty in climate sensitivity. Our  
203 numerical model shows similar response of atmospheric surface warming to changing CS.  
204 Note that there are other complicating factors influencing the CS uncertainty, such as the  
205 aerosol effects specified by  $A_{sc}$ .

206 Switching from uniform to informative priors (the 'Inf. Priors' experiment) substantially  
207 reduces the CS uncertainty (Table 2, Figures 3 and 4). Under the informative priors, the

208 mean estimated CS mode ( $2.9^{\circ}\text{C}$ ) is somewhat lower than the 'true' value of  $3.1^{\circ}\text{C}$ . This  
209 difference is statistically significant ( $\alpha = 0.05$ ). This might be in part due to the biasing  
210 effect of the mode of the CS prior, which is lower than the 'true' value. Both of these  
211 effects (lower uncertainty but potential biases under narrower priors within the context of  
212 OSSEs) have been previously found and discussed by *Webster et al.* [2008]. Thus, while  
213 using informative priors can be a promising approach, care should be given to choosing  
214 an appropriate prior.

215 Finally, each realization of internal climate variability can result in a considerable dis-  
216 crepancy between the best CS estimate and the true value ('Nat. Var.' panels, Figures  
217 3 and 4). The average discrepancy due to the unresolved internal variability is  $1.1^{\circ}\text{C}$   
218 (Table 2). One of the Nat. Var. experiments leads to an estimate of  $7.5^{\circ}\text{C}$  which is  $4.4$   
219  $^{\circ}\text{C}$  higher than the 'true' value. The distribution of the discrepancy is positively skewed,  
220 with a longer upper tail (Figure 4). Historical observational constraints on climate sen-  
221 sitivity (*e.g.*, upper ocean heat content, and surface temperature) are based on a single  
222 realization of internal climate variability process. Assuming that the biasing effects of  
223 the observational and model errors are low, this realization can introduce a considerable  
224 discrepancy between the best CS estimate and the true value. Given that scientific models  
225 often share similar assumptions and might not be independent (see *Pennell and Reichler*  
226 [2011] for a discussion of similarities in GCMs), it is possible that the bias due to the  
227 internal variability can be in the same direction in studies using different models. As a  
228 result, current best CS estimates from these datasets may be considerably higher or lower  
229 than the true value. One of the ways to overcome this under-sampling problem is to use

<sup>230</sup> independent constraints from other time periods (*e.g.*, Last Glacial Maximum, *Schmittner*  
<sup>231</sup> *et al.* [2011]).

#### 4. Caveats

<sup>232</sup> Our analysis uses many simplifying assumptions that point to several caveats and open  
<sup>233</sup> research questions. First, our Earth System model relies on a number of approximations  
<sup>234</sup> and neglects some historic forcings (*e.g.*, indirect effects of anthropogenic sulfates; and  
<sup>235</sup> tropospheric ozone [Forster *et al.*, 2007]). Second, we do not fully account for past forc-  
<sup>236</sup> ing uncertainties. Third, we change climate sensitivity using a very simplistic approach  
<sup>237</sup> by varying longwave radiative feedbacks, while shortwave feedbacks are also uncertain  
<sup>238</sup> [Bony *et al.*, 2006]. Fourth, our statistical model does not include any cross-correlation  
<sup>239</sup> among the residuals for T and OHC, and relies on a simple AR(1) structure. However,  
<sup>240</sup> our exploratory data analysis suggests that this structure is a reasonable approximation  
<sup>241</sup> to the underlying statistical processes. Fifth, we use a relatively small number of realiza-  
<sup>242</sup> tions in the OSSEs to keep the computational burden manageable. Sixths, our estimates  
<sup>243</sup> of internal climate variability rely on three climate models. Using more models might  
<sup>244</sup> provide a better sample. Seventh, there is a distinct possibility that climate models con-  
<sup>245</sup> siderably underestimate the observed decadal OHC variability (*e.g.*, Levitus *et al.* [2001],  
<sup>246</sup> Hansen *et al.* [2005]; but see AchutaRao *et al.* [2007] for an alternative view). If true,  
<sup>247</sup> we hypothesize that the CS uncertainty in the 'Nat. Var.' experiment would increase,  
<sup>248</sup> which would strengthen our conclusion that natural variability is an important driver of  
<sup>249</sup> the uncertainty in climate sensitivity. Last, but not least, we rely on uniform priors in  
<sup>250</sup> most experiments. We have chosen to work with the relatively simple prior specification  
<sup>251</sup> because it still remains an open question to find more informative priors that lead to good

<sup>252</sup> bias, and coverage properties. Finally, we explore only a small subset of uncertainty in  
<sup>253</sup> unresolved climate noise and in climate model parameters.

## 5. Conclusions

<sup>254</sup> We use Observation System Simulation Experiments (OSSEs) to analyze the effects  
<sup>255</sup> of unresolved internal climate variability on the uncertainty in climate sensitivity. We  
<sup>256</sup> repeatedly simulate pseudo-observations from an Earth System Model with a given climate  
<sup>257</sup> sensitivity, and then re-estimate the sensitivity using a Bayesian inversion method.

<sup>258</sup> We find that unresolved internal climate variability is a key driver of the first-order (as  
<sup>259</sup> measured by the 68% posterior credible internal) and the second-order (as measured by  
<sup>260</sup> standard deviation of the estimated modes) uncertainty in climate sensitivity estimates.

<sup>261</sup> A single realization of the statistical process driving the variability can introduce a sub-  
<sup>262</sup> stantial discrepancy between a CS estimate and the true value. Since recent CS estimates  
<sup>263</sup> using instrumental temperature and upper ocean heat content observations all rely on  
<sup>264</sup> the same realization, they may be considerably higher or lower than the true CS. The  
<sup>265</sup> unresolved internal variability represents a critical roadblock: our research suggests that  
<sup>266</sup> even if we at present had errorless models and observations, current estimation approaches  
<sup>267</sup> would still result in considerable CS uncertainty. Exploring the power of combined state  
<sup>268</sup> and parameter estimation [*e.g.*, Annan *et al.*, 2005; Hill *et al.*, 2012; Evensen, 2009] to  
<sup>269</sup> confront this challenge is the subject of future research.

## Appendix

<sup>270</sup> This appendix provides the likelihood function for observations if the statistical model  
<sup>271</sup> is given by Equations 2 and 3. We define  $\mathbf{y}_k = y_{1,k}, \dots, y_{N_k,k}$  where  $N_k$  is the number of

<sup>272</sup> observations for diagnostic  $k$ , and  $k$  refers to a diagnostic (*i.e.*  $k = 1$  for temperature,  
<sup>273</sup> and  $k = 2$  for ocean heat content). The likelihood function for observations  $\mathbf{y}_k$  given the  
<sup>274</sup> model and the statistical parameters is given by [Bence, 1995; Olson *et al.*, 2012]:

$$L(\mathbf{y}_k|K_{bg}, CS, A_{sc}, \sigma_k, \rho_k, b_k) = \left(2\pi\sigma_{p,k}^2\right)^{-1/2} \exp\left(-\frac{1}{2}\frac{n_{1,k}^2}{\sigma_{p,k}^2}\right) \times \\ \times \left(2\pi\sigma_k^2\right)^{-(N_k-1)/2} \times \exp\left(-\frac{1}{2\sigma_k^2} \sum_{t=2}^{N_k} w_{t,k}^2\right).$$

Here  $\sigma_{p,k}^2$  refers to the stationary process variance and is defined by  $\sigma_{p,k}^2 = \sigma_k^2/(1 - \rho_k^2)$ ,  
and  $w_{t,k}$  are whitened bias-corrected residuals. The whitened residuals are calculated as  
 $w_{t,k} = n_{t,k} - \rho_k n_{t-1,k}$  for  $t > 1$ . Assuming the independence of the residuals (between the  
model and the pseudo-observations) across different diagnostics, the final likelihood for  
all pseudo-observations  $\mathbf{Y} \equiv (\mathbf{y}_T, \mathbf{y}_{OHC})$  is the product of the individual likelihoods:

$$L(\mathbf{Y}|\Theta) = L(\mathbf{y}_T|K_{bg}, CS, A_{sc}, \sigma_T, \rho_T, b_T) \times L(\mathbf{y}_{OHC}|K_{bg}, CS, A_{sc}, \sigma_{OHC}, \rho_{OHC}) \quad (4)$$

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Table 1: Ranges for model and statistical parameters. Subscripts  $T$  and  $OHC$  refer to surface air temperature and upper ocean heat content respectively

| Parameter      | Units   | Lower Bound | Upper Bound |
|----------------|---|-------------|-------------|
| $K_{bg}$       | $\text{cm}^2 \text{ s}^{-1}$                  | 0.1         | 0.5         |
| CS             | $^{\circ}\text{C}$ per $\text{CO}_2$ doubling | 1.1         | 11.2        |
| $A_{sc}$       | unitless                                      | 0           | 3           |
| $\sigma_T$     | $^{\circ}\text{C}$                            | 0.01        | inf         |
| $\sigma_{OHC}$ | $1 \times 10^{22} \text{ J}$                  | 0.01        | inf         |
| $\rho_T$       | unitless                                      | 0.01        | 0.999       |
| $\rho_{OHC}$   | unitless                                      | 0.01        | 0.999       |
| $b_T$          | $^{\circ}\text{C}$                            | -0.51       | 0.50        |

Table 2: Summary of the design and the results of the observation system simulation experiments. 'Unif.' refers to uniform priors for climate parameters, and 'Inf.' refers to informative priors for  $K_{bg}$  and CS following the default case of *Olson et al.* [2012]. The mean 68% CI refers to the mean 68% posterior credible interval of CS estimates. The interval is calculated as the range between the 16th and the 84th percentiles of the CS chains.

| Experiment    | Priors | Experiment details |                                      |          |              |                              | Properties of CS estimates [°C] |   |                  |                        |
|---------------|--------|--------------------|--------------------------------------|----------|--------------|------------------------------|---------------------------------|---|------------------|------------------------|
|               |        | $\sigma_T$ [°C]    | $\sigma_{OHC}$ [ $\times 10^{22}$ J] | $\rho_T$ | $\rho_{OHC}$ | Assumed<br>'true'<br>CS [°C] | Average<br>mode                 | Average<br>absolute bias<br>of the mode | Std. of<br>modes | Mean 68% CI<br>of pdfs |
| 'Standard'    | Unif.  | 0.10               | 2.6                                  | 0.58     | 0.079        | 3.1                          | 3.3                             | 1.1                                     | 1.6              | 3.5                    |
| 'Nat. Var.'   | Unif.  | 0.12               | 0.51                                 | 0.45     | 0.9          | 3.1                          | 3.7                             | 1.1                                     | 1.4              | 3.0                    |
| 'Higher CS'   | Unif.  | 0.10               | 2.6                                  | 0.58     | 0.079        | 4.8                          | 5.8                             | 2.0                                     | 2.6              | 4.5                    |
| 'Inf. Priors' | Inf.   | 0.10               | 2.6                                  | 0.58     | 0.079        | 3.1 <sup>a</sup>             | 2.9                             | 0.36                                    | 0.41             | 1.5                    |

<sup>a</sup> While 'true' input CS is 3.1 °C, the mean of the non-uniform prior is 3.25 °C, and the mode is 2.96 °C.

## Figure Captions

448 **Figure 1:** Statistical properties of surface atmospheric temperature anomaly (T) time series  
 449 - AR(1) innovation standard deviation  $\sigma_T$ , and first order autocorrelation  $\rho_T$ : GCMs (BCCR-  
 450 BCM2.0, GFDL-CM2.1 and UKMO-HadCM3, red circles), mean across the three GCMs (red  
 451 triangle), residuals between the UVic ESCM and the observations from *Brohan et al.* [2006]  
 452 (years 1850-2006, blue triangle), and detrended observations from *Brohan et al.* [2006] (years  
 453 1850-2006, green triangle). For the residuals, we use the marginal mode for the base case of  
 454 *Olson et al.* [2012]. For the detrended observations, we first demean the yearly observations, and  
 455 then detrend them using a lowess fit trend. Grey contours show the process standard deviation  
 456  $\sigma_{p,T}$  (cf. Appendix). We use yearly average time series for the AR(1) inference.

457 **Figure 2:** Statistical properties of ocean heat content anomaly in the 0-700 m layer (OHC) -  
 458 AR(1) innovation standard deviation  $\sigma_{OHC}$ , and first order autocorrelation  $\rho_{OHC}$ : GCMs (BCCR-  
 459 BCM2.0, GFDL-CM2.1 and UKMO-HadCM3, red circles), mean across the three GCMs (red  
 460 triangle), residuals between the UVic ESCM and the observations from *Domingues et al.* [2008]  
 461 (years 1950-2003, blue triangle), and detrended observations from *Domingues et al.* [2008] (years  
 462 1950-2003, green triangle). For the residuals, we use the marginal mode for the base case of  
 463 *Olson et al.* [2012]. For the detrended observations, we first demean the yearly observations,  
 464 and then detrend them using a lowess fit trend. Grey contours show process standard deviation  
 465  $\sigma_{p,OHC}$  (cf. Appendix). We use yearly average time series for the AR(1) inference.

466 **Figure 3:** Posterior probability distributions (pdfs) for climate sensitivity from observation  
 467 system simulation experiments: (top left) 'Standard', (top right) 'Nat. Var.', (bottom left) 'Higher  
 468 CS' and (bottom right) 'Inf. Priors'. Each grey line corresponds to one realization of unresolved  
 469 climate noise. 'True' input climate sensitivities are shown by vertical dotted lines. The dashed

470 pdf denotes CS prior in the 'Inf. Priors' experiment. Filled (open) red circles denote the mean  
471 (median) CS mode, and the red lines extend one standard deviation around the mean mode. The  
472 limits of the y-axes are the same between panels.

473 **Figure 4:** Histograms of the modes of the estimated climate sensitivity probability density  
474 functions: (top left) 'Standard', (top right) 'Nat. Var', (bottom left) 'Higher CS', and (bottom  
475 right) 'Inf. Priors'. 'True' input climate sensitivities are shown by vertical red lines. Y-axes  
476 limits are the same between panels.

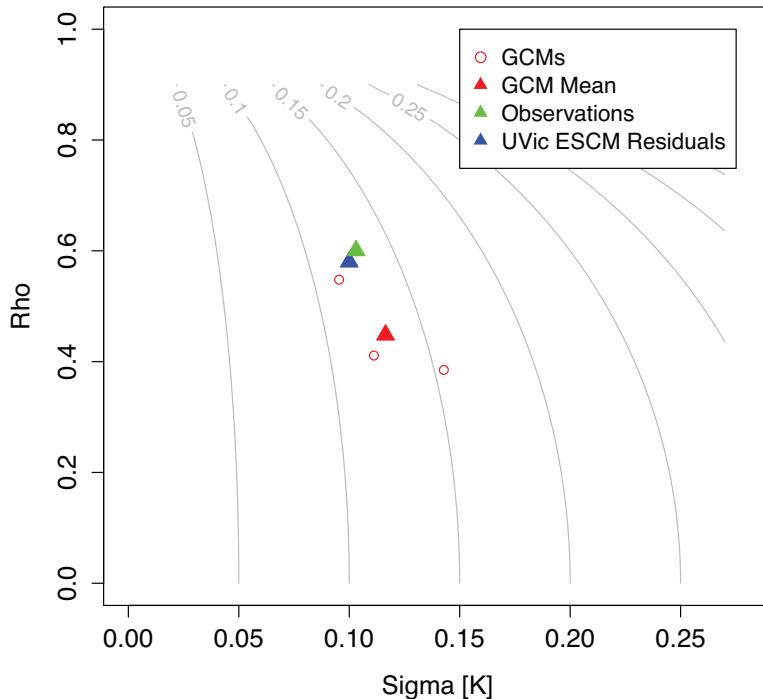


Figure 1: Statistical properties of surface atmospheric temperature anomaly (T) time series - AR(1) innovation standard deviation  $\sigma_T$ , and first order autocorrelation  $\rho_T$ : GCMs (BCCR-BCM2.0, GFDL-CM2.1 and UKMO-HadCM3, red circles), mean across the three GCMs (red triangle), residuals between the UVic ESCM and the observations from *Brohan et al.* [2006] (years 1850-2006, blue triangle), and detrended observations from *Brohan et al.* [2006] (years 1850-2006, green triangle). For the residuals, we use the marginal mode for the base case of *Olson et al.* [2012]. For the detrended observations, we first demean the yearly observations, and then detrend them using a lowess fit trend. Grey contours show the process standard deviation  $\sigma_{p,T}$  (cf. Appendix). We use yearly average time series for the AR(1) inference.

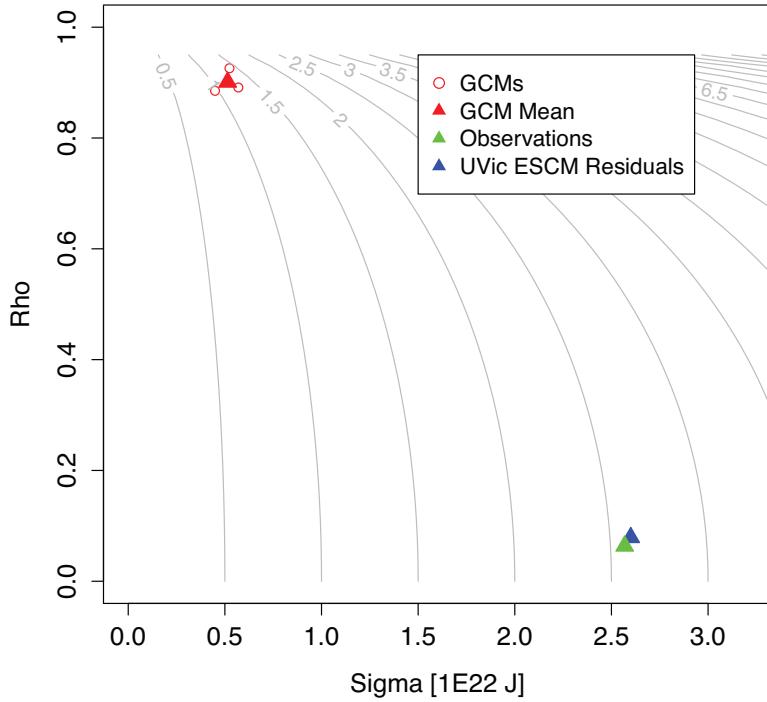


Figure 2: Statistical properties of ocean heat content anomaly in the 0-700 m layer (OHC) - AR(1) innovation standard deviation  $\sigma_{OHC}$ , and first order autocorrelation  $\rho_{OHC}$ : GCMs (BCCR-BCM2.0, GFDL-CM2.1 and UKMO-HadCM3, red circles), mean across the three GCMs (red triangle), residuals between the UVic ESCM and the observations from *Domingues et al.* [2008] (years 1950-2003, blue triangle), and detrended observations from *Domingues et al.* [2008] (years 1950-2003, green triangle). For the residuals, we use the marginal mode for the base case of *Olson et al.* [2012]. For the detrended observations, we first demean the yearly observations, and then detrend them using a lowess fit trend. Grey contours show process standard deviation  $\sigma_{p,OHC}$  (cf. Appendix). We use yearly average time series for the AR(1) inference.

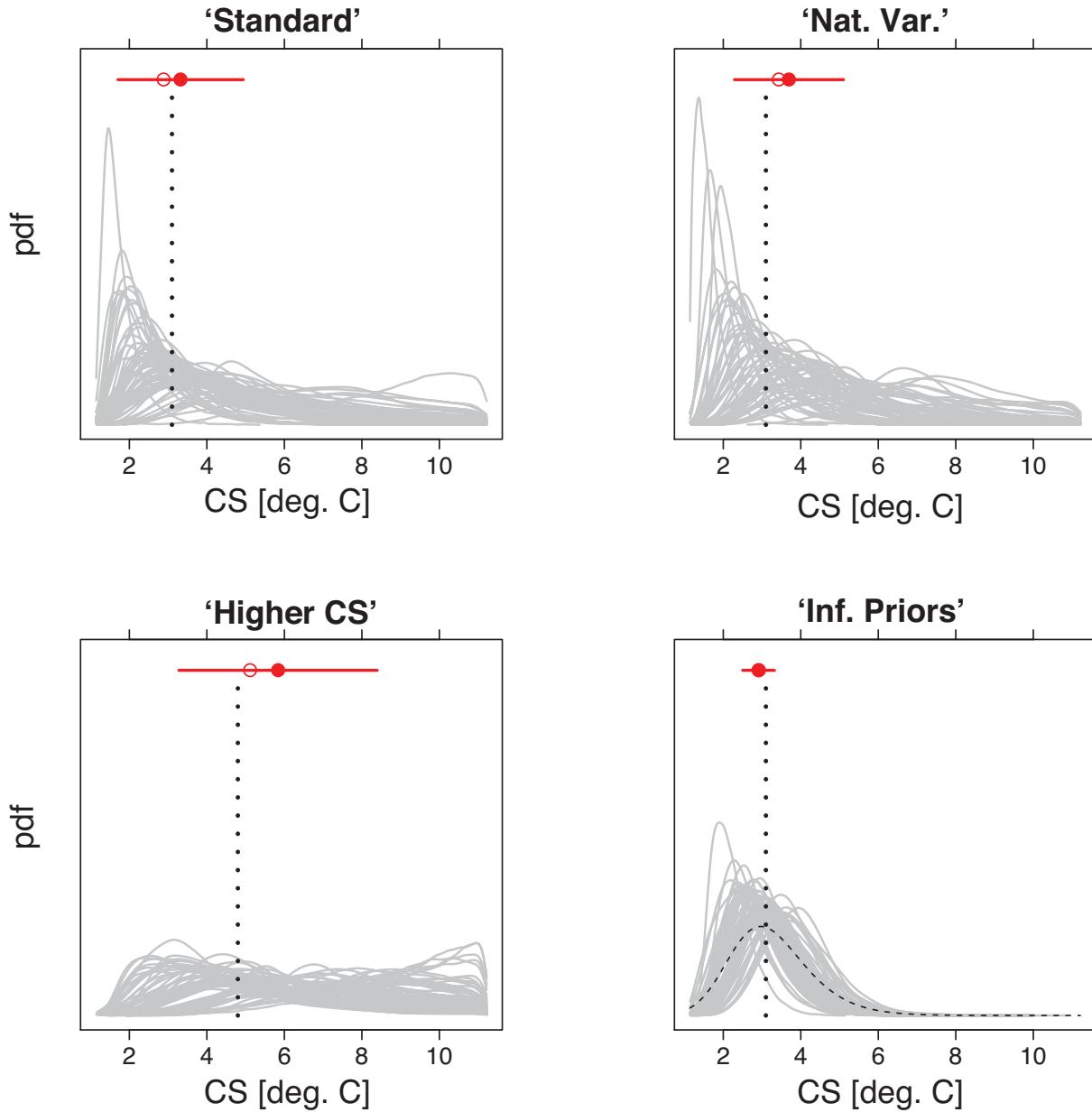


Figure 3: Posterior probability distributions (pdfs) for climate sensitivity from observation system simulation experiments: (top left) 'Standard', (top right) 'Nat. Var.', (bottom left) 'Higher CS' and (bottom right) 'Inf. Priors'. Each grey line corresponds to one realization of unresolved climate noise. 'True' input climate sensitivities are shown by vertical dotted lines. The dashed pdf denotes CS prior in the 'Inf. Priors' experiment. Filled (open) red circles denote the mean (median) CS mode, and the red lines extend one standard deviation around the mean mode. The limits of the y-axes are the same between panels.

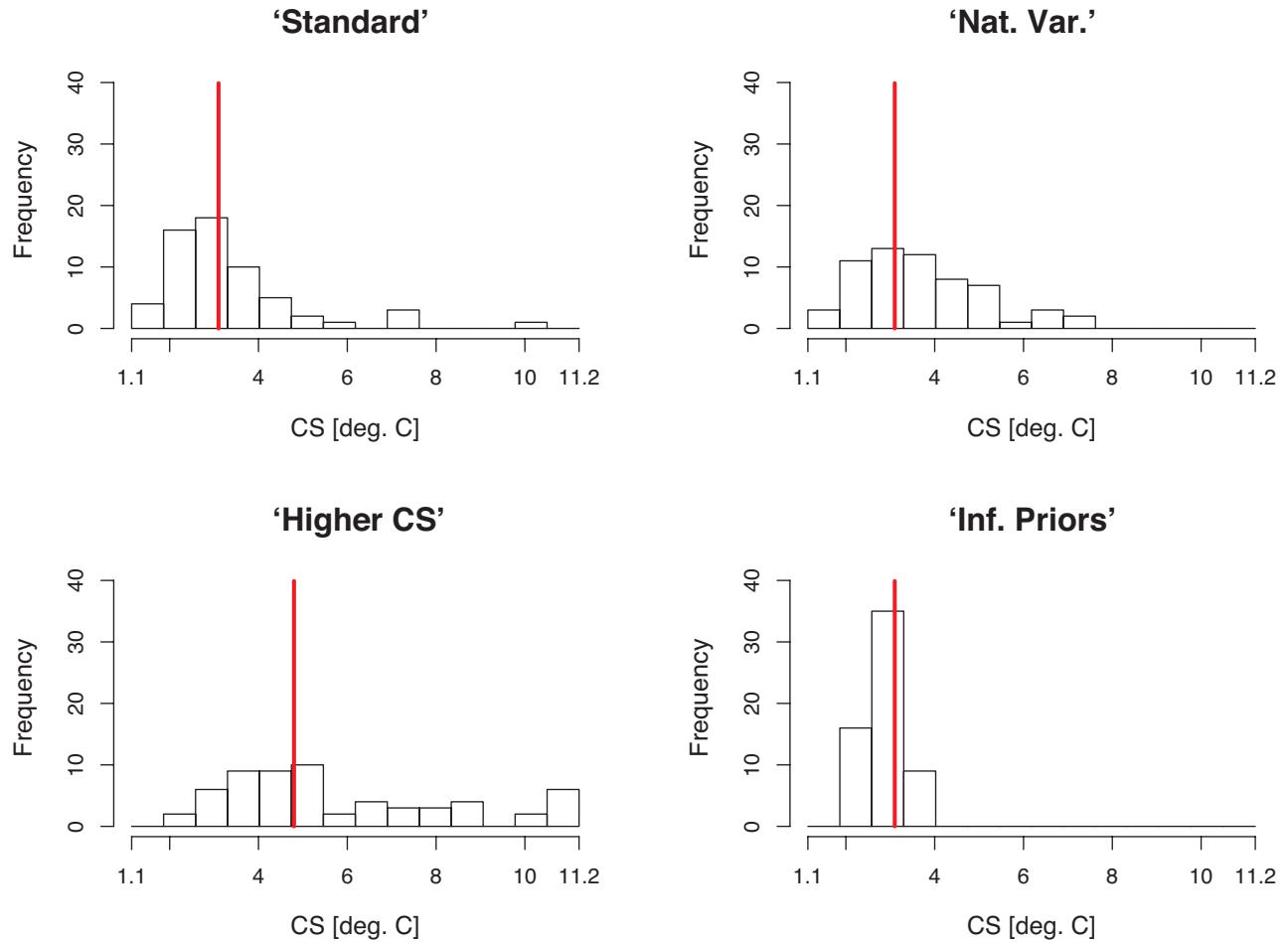


Figure 4: Histograms of the modes of the estimated climate sensitivity probability density functions: (top left) 'Standard', (top right) 'Nat. Var', (bottom left) 'Higher CS', and (bottom right) 'Inf. Priors'. 'True' input climate sensitivities are shown by vertical red lines. Y-axes limits are the same between panels.