

Multiple Opportunities for Industry Input on Social Cost of Carbon

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The U.S. Department of Energy (DOE) has faced a blizzard of criticism for imposing, without opportunity for public comment, increased values for social cost of carbon (SCC), which is used for evaluating potential environmental rules. DOE has now provided two such opportunities. Congressional activity should also provide openings for public input. Because increased SCC values make potential environmental rules appear more attractive, being heard is of importance to industry.

On August 20, DOE published a notice of proposed rulemaking that includes increased SCC values. 78 Fed. Reg. 51464 (efficiency standards for metal halide lamp fixtures). DOE will hold a public meeting about the proposal on September 27; comments are due by October 21. Before that, on August 16, DOE asked for comment on a petition concerning SCC. 78 Fed. Reg. 49975. The petition, by Landmark Legal Foundation, asks DOE to reconsider another standards rule (microwave ovens) because the rule uses a different SCC than what DOE had proposed. Comments on whether to reconsider were due by September 16.

SCC is also in the crosshairs of Congress. The Energy and Power Subcommittee of the House Energy and Commerce Committee held a hearing on September 18 on the Obama Administration's Climate Change Policies and Activities, where SCC is likely to be addressed. There also are a number of bills that would restrict use of SCC. HR 1582, passed by the U.S. House of Representatives, would prohibit the U.S. Environmental Protection Agency (EPA) from using SCC in any cost-benefit analysis related to an energy-related rule that is estimated to cost more than \$1 billion unless and until a federal law is enacted authorizing such use. Other bills include HR 3042, HR 2886, and HR 2593. Finally, an SCC amendment might be offered for S. 1392, the Energy Savings and Industrial Competitiveness Act of 2013; debate on the bill began on September 11.

At the request of Congress, the Government Accountability Office (GAO) has agreed to prepare a report on the process and methods used by an interagency working group for developing the increased SCC values (used by DOE). And congressional letters about the values and how they were developed have been sent to the Administration by Reps. James Lankford (R-OK) and Jackie Speier (D-CA); and by Sens. John Barrasso (R-WY), Roy Blunt (R-MO), John Boozman (R-AR), James Inhofe (R-OK), Jeff Sessions (R-AL), David Vitter (R-LA), and Roger Wicker (R-MS).

In the meantime, a Massachusetts Institute of Technology (MIT) professor's study is providing grist for the mills of opponents of the increased SCC values. Robert S. Pindyck's "Climate Change Policy: What Do the Models Tell Us?" concludes that the integrated assessment models (IAMs) used for the values "have crucial flaws that make them close to useless as tools for policy analysis."