

July 14, 2016

The Honorable Evan Jenkins
U.S. House of Representatives
Washington, DC 20515

Dear Representative Jenkins:

On behalf of a broad range of businesses and industries, the undersigned commend you on the introduction of H.R. 5668, the “Transparency and Honesty in Energy Regulations Act of 2016,” which ultimately would bring greater transparency, public input, and accountability to the calculation and use of the “social cost of carbon” (SCC) and the “social cost of methane” (SCM) in rulemakings and policymaking by the Department of Energy and the Environmental Protection Agency.

According to a federal Interagency Working Group (IWG), the SCC is “an estimate of the monetized damages associated with an incremental increase in carbon emissions in a given year.” The IWG states that the purpose of the estimate is “to allow agencies to incorporate the social benefit of reducing carbon dioxide (CO₂) emissions into cost-benefit analyses of regulatory actions that impact cumulative global emissions.” The EPA defines the SCM—a calculation based in part on the SCC—as “a metric that estimates the monetary value of impacts associated with marginal changes in methane emissions in a given year.” Both the SCC and the SCM have been used by DOE and EPA in justifying various regulations and policies.

The SCC should be subject to a more thorough and transparent regulatory review process, including meaningful opportunity for notice and comment by the public and appropriate legal recourse to challenge the SCC as final agency action. Similarly, the SCM, including the data it is based upon and the methodology used to determine it, should be subject to a notice, review and comment process. In addition to lacking the hallmarks of the regulatory process and the Administrative Procedure Act—transparency, public notice, stakeholder input and meaningful review—the SCC and the SCM fail to comply with OMB guidelines and the Information Quality Act. Before DOE or EPA bases a regulation or policy upon the SCC or the SCM, they should be subject to a valid rulemaking process based on public input, sound science, quality data, and transparency.

We thank you for introducing H.R. 5668, the “Transparency and Honesty in Energy Regulations Act of 2016,” and look forward to working with you on this important issue.

Sincerely,

Air-Conditioning, Heating, and Refrigeration Institute
American Chemistry Council
American Coke and Coal Chemicals Institute
American Farm Bureau Federation

American Forest & Paper Association
American Fuel & Petrochemical Manufacturers
American Wood Council
Association of Home Appliance Manufacturers
Council of Industrial Boiler Owners
GPA Midstream Association
Interstate Natural Gas Association of America
National Association of Manufacturers
National Mining Association
National Oilseed Processors Association
National Rural Electric Cooperative Association
The Fertilizer Institute
U.S. Chamber of Commerce

cc: Members of the Committee on Energy and Commerce