

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

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July 31, 2013

TO THE MEMBERS OF THE U.S. HOUSE OF REPRESENTATIVES:

The U.S. Chamber of Commerce, the world's largest business federation representing the interests of more than three million businesses of all sizes, sectors, and regions, as well as state and local chambers and industry associations, and dedicated to promoting, protecting, and defending America's free enterprise system, strongly supports an amendment expected to be offered to H.R. 1582, the "Energy Consumers Relief Act of 2013," by Rep. Tim Murphy, which would bring transparency, public input, and accountability to the calculation and use of the "social cost of carbon" in energy-related rulemakings.

According to a federal Interagency Working Group (IWG), the "social cost of carbon" 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 "social cost of carbon" metric increased significantly between 2010 and 2013, according to Technical Papers issued by the IWG. For example, the 2010 report estimated that the mean value of a metric ton of CO₂ removed in year 2020 would be worth on average \$7 to \$42, compared to the 2013 report's estimate that a ton removed in 2020 would be worth between \$12 and \$65.

Applying the "social cost of carbon" as a major driver of U.S. regulatory policy is unprecedented. While the "social cost of carbon" has been referenced in the cost-benefit analyses of some rulemakings, it is unclear whether using this metric to justify regulatory action is authorized by any law. Moreover, none of the "social cost of carbon" calculations have gone through any rulemaking process, or been subject to the rigors of notice, public comment, and data quality. They also have never been subject to any kind of Congressional review or approval. The Administrative Procedure Act and Executive Order 12866 require this kind of openness and transparency in the promulgation of regulations, as well as the use of a high level of scientific and technical data quality. Despite the lack of legislative and regulatory review, the "social cost of carbon" almost certainly will be used to justify future regulations.

Consequently, it is imperative that the "social cost of carbon" calculation should be subject to greater transparency, notice, public comment, data quality, and accountability to Congress. Accordingly, the Chamber strongly supports Rep. Murphy's amendment to H.R. 1582, the "Energy Consumers Relief Act of 2013."

Sincerely,



R. Bruce Josten