

International Brotherhood of
BOILERMAKERS • IRON SHIP BUILDERS

1750 New York Ave., NW, Suite 335
Washington, DC 20006

BRIDGET MARTIN
SPECIAL ASSISTANT TO THE INTERNATIONAL PRESIDENT
DIRECTOR OF POLITICAL AFFAIRS
bmartin@boilermakers.org



BLACKSMITHS • FORGERS & HELPERS

202-756-2868
FAX: 202-756-2869

CECILE M. CONROY
DIRECTOR OF LEGISLATIVE AFFAIRS
GOVERNMENT AFFAIRS DEPARTMENT
cconroy@boilermakers.org

July 30, 2013

U.S. House of Representatives
Washington, DC 20515

Re: Amendment to H.R. 1582 offered by Mr. Murphy of Pennsylvania - "Social Cost of Carbon"

Dear Representative,

On behalf of the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, I write to express our support for the amendment to H.R. 1582 (the "Energy Consumers Relief Act of 2013") offered by Representative Tim Murphy (PA-18). This amendment would prohibit the Environmental Protection Agency (EPA) from using the "social cost of carbon" (SCC) for any energy-related rule that is estimated to cost more than \$1 billion unless and until a Federal law is enacted authorizing such use.

The Administration recently increased the estimated dollar value for SCC by nearly two-thirds from approximately \$22 to \$38 for every ton of carbon dioxide emissions removed from the atmosphere. This SCC value represents the monetized costs of future damages caused by CO₂ that the Administration will use in preparing cost-benefit analyses of federal regulations in future rulemakings. In light of the upcoming EPA rules to regulate carbon from new and existing power plants, this significant increase is a cause of major concern for our members whose livelihoods depend on the U.S. power sector.

Key concerns have been raised regarding the Administration's latest attempt to assign a particular dollar value for the SCC. For example, the newly established SCC values are highly uncertain and speculative given, as the Administration itself has acknowledged, that there is a limited amount of research linking climate impacts to economic damages. We remain very concerned about the EPA relying on highly uncertain and speculative SCC values that may mistakenly add cost-benefit support to any regulatory action to reduce greenhouse gases. Second, the SCC values are based on *global* costs of climate change, which may result in overstating the benefits accruing to the United States. This is contrary to how federal agencies currently perform cost-benefit analyses of new regulations, which focus only on the potential effects of regulations on the *domestic* economy. Third, the SCC values rely on discount rates to translate future potential damages into present dollars. Unfortunately, the discount rates used by the Administration are much lower than the conventional discount rates typically applied by the private sector and, as a result, will likely have the effect of overly inflating the SCC values.

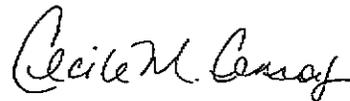
Finally, there is insufficient guidance and oversight in the establishment of the SCC estimates. The SCC values were not developed as a result of any statutory requirement or congressional mandate. Furthermore, the Administration, on its own, has decided to increase the SCC values by two-thirds without providing the opportunity for public notice and comment.

Given the critical importance of this matter to future EPA rulemakings on the regulation of carbon, it is imperative that all interested stakeholders have the opportunity to provide input into the methodology and assumptions used for making the SCC valuations.

For these reasons, we believe that it is time for Congress to publicly consider the process by which the SCC valuation is developed, how it is applied to agency rulemaking and how best to determine the effects on jobs and the actual benefits derived from such a calculation. If Congress does not fully engage in this effort, then we will continue down the seriously flawed and inefficient road of climate change mitigation through the court system.

Thank you for your consideration of our views on this important matter

Sincerely,

A handwritten signature in cursive script that reads "Cecile M. Conroy".

Cecile M. Conroy
Director, Legislative Affairs

cc: Newton B. Jones, International President