



AMERICAN COMMITMENT

July 30, 2013

To Members of the 113th Congress:

We write to express our strong support for the Murphy amendment to HR 1582, [The Energy Consumers Relief Act of 2013](#). This amendment furthers the interests of Americans and the purposes of the underlying legislation by ensuring that the Environmental Protection Agency does not use a “social cost of carbon” (SCC) metric to justify any significant regulation until they follow procedures which are public and transparent.

If Congress does not act to rein in the administration’s continued use of the “social cost of carbon” to justify ever-more-expensive energy regulations, Americans may soon find their energy and regulatory costs skyrocketing and consequently, their way of life destroyed.

This amendment is made necessary by the potential for abuse. For example, in May, in a little-noticed rule regulating the energy efficiency of microwaves in standby mode, the Department of Energy mentioned that they were dramatically increasing their earlier estimates of the “social cost of carbon.” They did so without public comment, without public participation, and in violation of Office and Management and Budget guidelines. The effect of this unprecedented move was to make it easier to justify ever-more-costly energy regulations and potentially, to provide a baseline level for a carbon tax. All of this is being done without the consent of Congress or public input.

The Murphy amendment is a common-sense approach to the administration’s actions. Until the administration explains their actions to Congress and the American people in an open and transparent public process, it should not be allowed to insinuate this concept into every action. This is consistent with President Obama’s statement that climate regulations should be developed “in an open and transparent way.”¹

In addition to failing to present the “social cost of carbon” to the American public in an open and transparent way, there are many problems with it. First, Congress has not authorized the Executive Branch to use “social cost of carbon” as a mechanism to justify regulatory costs. In practice, the estimate of the “social costs of carbon” has dramatically increased in just a few years—just as the

administration needed to justify expensive new rules on energy. In 2009, the Department of Energy estimated the domestic impact of the social cost of carbon at \$2 a ton. The 2013 update calculated the “social cost of carbon” at \$12 to \$129 a ton for the year 2020.

Moreover, the administration’s latest “social cost of carbon” only looks at global impacts and fails to provide a calculation of domestic impacts. This is in direct violation of OMB’s explicit guidance. Your constituents may want to know why they should be saddled with all of the costs government officials conjure up in secret meetings when the assumed benefits go to other countries. That is the current situation as implemented by the administration.

Americans may also find it hard to understand how government “experts” can accurately predict both the economy and climate to the year 2300 and why they are being assessed now with costs and burdens to pay for those estimates.

In light of the administration’s misuse of the “social cost of carbon” in the rulemaking process, we the undersigned organizations support the Murphy amendment and urge its passage.

Sincerely,

60 Plus Association

American Commitment

American Energy Alliance

American Tradition Institute

George C. Marshall Institute

Independent Women’s Voice

National Center for Public Policy Research

National Taxpayer’s Union

Positive Growth Alliance

1. President Barack Obama, *Remarks by the President on Climate Change*, June 25, 2013, <http://www.whitehouse.gov/the-press-office/2013/06/25/remarks-president-climate-change>.



Charles T. Drevna
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July 24, 2013

Re: Support Congressman John Culberson, Duncan Hunter and Tim Murphy's Social Cost of Carbon Amendments to the Energy Consumer Relief Act of 2013 (H.R. 1582)

Dear Member of Congress:

The American Fuel & Petrochemical Manufacturers (AFPM) supports the amendments introduced by Congressman John Culberson, Duncan Hunter (Amendment #2) and Tim Murphy (Amendment #12) to the Energy Consumers Relief Act of 2013 (H.R. 1582) prohibiting the Environmental Protection Agency (EPA) from using the "social cost of carbon" valuation in its rulemakings. These important amendments will stop the Administration from using arbitrary and subjective benefit calculations to justify costly regulations that will only harm consumers and increase worldwide greenhouse gas emissions, by increasing domestic costs of energy and shifting jobs and industry to countries that are less efficient than those in the U.S. AFPM urges you to support these common sense amendments.

The social cost of carbon (SCC) is an extremely subjective metric that was developed to try and quantify the alleged societal benefits of reducing only domestic greenhouse gas (GHG) emissions. It could theoretically be used in any rulemaking. The SCC is calculated without using any concrete formulas that can make accurate predictions about the future impact of U.S. based carbon emissions. It was recently revised without any adequate and meaningful public and stakeholder involvement and opportunity for notice and comment. Including such a subjective requirement to the rulemaking process only adds additional burdens on to the consumer, as it inflates the potential benefits of regulatory actions in a manner that hides the true economic and societal costs of new rules. Applying such a calculation to assess the costs and benefits of regulations could be erroneously used to justify halting the use of traditional, affordable energy sources through overly stringent regulations in future rulemakings.

The amendments introduce by Congressman Culberson, Hunter and Murphy will protect consumers from government attempts to impose backdoor, costly regulations that could raise energy prices for all Americans with no benefit. AFPM urges you to support these important Amendments.

Sincerely,

Charles T. Drevna

International Brotherhood of
BOILERMAKERS • IRON SHIP BUILDERS

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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.

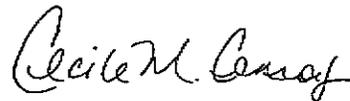
Finally, there is insufficient guidance and oversight in the establishment of the SCC estimates. The SCC values were not developed as a result of any statutory requirement or congressional mandate. Furthermore, the Administration, on its own, has decided to increase the SCC values by two-thirds without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



Industrial Energy Consumers of America

The Voice of the Industrial Energy Consumers

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July 30, 2013

The Honorable Tim Murphy
U.S. House of Representatives
2332 Rayburn House Office Building
Washington, DC 20515

RE: Manufacturers Urge Support for Amendment #12 to the Energy Consumer Relief Act of 2013 (H.R. 1582) which Addresses the Social Cost of Carbon

Dear Representative Murphy:

The Industrial Energy Consumers of America (IECA) supports Amendment #12 to the Energy Consumers Relief Act of 2013 (H.R. 1582) prohibiting the Environmental Protection Agency (EPA) from using the “social cost of carbon” (SCC) valuation in its rulemakings. There is bipartisan concern over the Administration’s theoretical social cost of carbon calculation that was determined without transparency and without consideration to the benefits of manufacturing use of fossil fuels to economic growth, exports and job creation. Unfortunately, the social cost of carbon stops being theoretical when it is applied to regulations and will increase costs to manufacturers and impact competitiveness and jobs.

The manufacturing sector’s GHG emissions are 9.6 percent below 1990 levels. This is outstanding performance and is a clear confirmation that U.S. companies are taking action to reduce their carbon emissions through capital spending projects that improve their energy efficiency. Unfortunately, when arbitrary regulatory costs like the social cost of carbon are imposed through regulations, it increases the cost of regulation and skews energy markets.

This amendment would not allow EPA to use the SCC figure in a cost-benefit analysis for a rulemaking unless Congress approved its use. We thank you for your leadership and urge all Members of Congress to support this amendment.

Sincerely,

Paul N. Cicio
President

The Industrial Energy Consumers of America is a nonpartisan association of leading manufacturing companies with \$1.3 trillion in annual sales, over 1,500 facilities nationwide, and with more than 1.7 million employees worldwide. It is an organization created to promote the interests of manufacturing companies through advocacy and collaboration for which the availability, use and cost of energy, power or feedstock play a significant role in their ability to compete in domestic and world markets. IECA membership represents a diverse set of industries including: chemical, plastics, steel, iron ore, aluminum, paper, food processing, fertilizer, insulation, glass, industrial gases, pharmaceutical, brewing, and cement.

United Mine Workers of America

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July 31, 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 membership of the United Mine Workers of America (UMWA), I write to inform you of our support for the amendment to H.R. 1582 (the Energy Consumer Relief Act of 2013) offered by Representative Tim Murphy (PA-18). The Murphy 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 a Federal law is enacted authorizing the use of SCC.

In May, with no public debate on a little noticed addendum to a rulemaking on the efficiency of microwave ovens, the Department of Energy began using a higher dollar value to estimate the SSC. The Murphy amendment (#12) would block the use of SCC to artificially increase the so-called benefits from EPA regulations.

The UMWA asks that you support the Murphy amendment (#12) to H.R. 1582.

Sincerely yours,

A handwritten signature in black ink that reads "Cecil E. Roberts".

Cecil E. Roberts

CHAMBER OF COMMERCE
OF THE
UNITED STATES OF AMERICA

R. BRUCE JOSTEN
EXECUTIVE VICE PRESIDENT
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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