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United States Senate

COMMITTEE ON ENVIRONMENT AND PUBLIC WORKS

WASHINGTON, DC 20510-6175

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November 12, 2013

Susan Dunham
Director, Office of Atmospheric Programs
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

Dear Ms. Dunham:

Last week, you testified at the November 5 Environment and Public Works Oversight Subcommittee hearing on fugitive methane emissions from oil and gas operations on behalf of the Environmental Protection Agency (EPA). As we discussed then, the Regulatory Impact Analysis for the final New Source Performance Standard rule discusses the 2010 social cost of carbon (SCC) estimates developed by the Administration's Interagency Working Group (IWG).¹ This past May, that group released revised SCC estimates which are being included in numerous EPA proposals.² These estimates are of great significance not only because they are used to justify costly and controversial regulations but also because the specific participants with any level of involvement in the process behind developing the estimates have been kept completely anonymous. The process of developing these estimates and the subsequent updates, including the "technical corrections" recently issued, clearly contradicts the Administration's oft proclaimed commitment to openness and transparency.³

At last week's hearing, you confirmed that your office, the Office of Atmospheric Programs (OAP), which addresses climate change and greenhouse gas reporting, participated in the IWG, assisting, "...particularly with respect to the technical work and the modeling."⁴ You yourself mentioned attending multiple meetings on the subject (the SCC estimates). As you must be aware, on November 1, Office of Information and Regulatory Affairs (OIRA) Administrator Howard Shelanski announced new, updated values for the SCC. These technical corrections – due to minor changes in the modeling, which you and your office's expertise may have come

¹See EPA Regulatory Impact Analysis for the Oil and Gas Sector: New Source Performance Standards and National Emission Standards for Hazardous Air Pollutants Review, 77 Fed Reg 49490 (August 16 2012), available at http://www.epa.gov/ttn/ecas/regdata/RIAs/oil_natural_gas_final_neshap_nsps_ria.pdf

² Interagency Working Group on Social Cost of Carbon, *Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis under Executive Order 12866*, U.S. GOV'T (May 2013), http://www.whitehouse.gov/sites/default/files/omb/inforeg/social_cost_of_carbon_for_ria_2013_update.pdf.

³ Memorandum for the Heads of Executive Departments and Agencies (Jan. 21, 2009) available at http://www.whitehouse.gov/the_press_office/TransparencyandOpenGovernment.

⁴ U.S. Senate, Committee on Environment and Public Works. *Fugitive Methane Emissions*, Hearing, Nov. 5, 2013, <http://www.vitter.senate.gov/newsroom/video-and-audio/view/vitter-questions-epa-on-social-cost-of-carbon>

into play, – resulted in a “central estimated value of the [SCC] in 2015 of \$37 per metric ton of carbon dioxide.”⁵ The estimates released in May set this number at \$38 per metric ton.

As agreed to during the hearing, please provide substantive responses to the following:

- 1) Please provide a list of all program offices and officials that you know of who have participated in this process. Please explain the involvement of each program office and EPA official participating in the IWG and the process by which recommendations offered by EPA to the IWG were approved.
- 2) Please provide a list of all institutions and organizations outside the EPA that were consulted in the process of the development of the SCC.
- 3) What procedures were followed by EPA during the IWG process so as to comport with the Agency’s own peer review and data quality guidelines? Which of EPA’s guidelines were not followed?
- 4) Were the FUND, DICE, and PAGE models peer-reviewed for the purpose of determining the value of the SCC for the United States? Did EPA review the models to ascertain the validity of the assumptions used or if the damage functions used have solid theoretical or empirical foundation? Did EPA consider alternative models to the FUND, DICE, and PAGE models? If so, please provide a list of all models considered.
- 5) Did EPA develop its own science/data for the underlying scientific support for determining the 2013 SCC estimates? Did EPA develop its own science/data for the underlying scientific support for determining the 2010 SCC estimates?
- 6) Did the EPA support the decision to update the model estimates for the 2013 SCC? If not, please explain the EPA’s position regarding the adequacy of the models’ updated estimates.

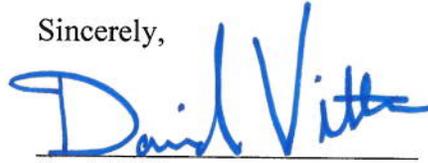
Further, based on the recent adjustment to the estimates and the OAP’s knowledge in this area:

- 7) Please elaborate on why the updated estimates required adjustment and what prompted the decrease in the estimated value of the social cost of carbon in 2015 from \$38 to \$37 per metric ton of carbon dioxide.
- 8) Was a review of the negative economic impacts of carbon pricing in other countries, such as Spain and Australia, conducted as part of the IWG SCC estimate development process?

⁵ Howard Shelanski, *Refining Estimates of the Social Cost of Carbon*, Office of Management and Budget, Nov. 1, 2013, <http://www.whitehouse.gov/blog/2013/11/01/refining-estimates-social-cost-carbon>

You also assured me you would get answers to the September 17, 2013, letter⁶ sent to Administrator McCarthy. I appreciate your following up on commitments made during the hearing as well as your assistance in providing answers to these inquiries by December 3, 2013.

Sincerely,



David Vitter
Ranking Member
Committee on Environment and Public Works

⁶ Letter from Sens. David Vitter, Ranking Member, S. Comm. on Env't & Public Works, Jeff Sessions, Roy Blunt, John Barrasso, James Inhofe, Roger Wicker, and John Boozman to Gina McCarthy, Adm'r, U.S. Env'tl. Prot. Agency (Sept. 17, 2013), *available at* http://www.epw.senate.gov/public/index.cfm?FuseAction=Files.View&FileStore_id=837e520f-b15d-4d0c-9086-6f61767a6ce0.