

February 16, 2021

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Subject: Updates to the Social Cost of Carbon, Social Cost of Nitrous Oxide and Social Cost of Methane; Modernizing Regulatory Review Memorandum for Heads of Executive Departments and Agencies.

Dear Acting Director Fairweather, Ms. Leonard, Dr. Fisher and Deputy Administrator Mancini:

On January 20, President Biden signed Executive Order 13990, "Protecting Public Health and the Environment and Restoring Science to Tackle the Climate Crisis."¹ A key component of that order focuses on accounting for the benefits and costs of reducing greenhouse gas emissions, including revising guidance regarding the Social Cost of Carbon (SCC), Social Cost of Nitrous Oxide (SCN) and Social Cost of Methane (SCM).

Under the order, the President has directed an interagency working group to update these estimates based in part on recommendations from the National Academies of Sciences (NAS). The group is tasked with publishing interim estimates of these economically significant values within 30 days of the Order and a final set of updated estimates by January 2022.

The undersigned associations support the establishment of an Interagency Working Group on Social Cost of Greenhouse Gases (the "IWG") with broad interagency representation. We encourage the IWG to adhere objectively and comprehensively to the directed mission and methodology to "consider recommendations of the National Academies of Science, Engineering, and Medicine as reported in Valuing Climate Damages: Updating Estimation of the Social Cost of Carbon Dioxide (2017)."

However, it is not clear what the process is to solicit public and stakeholder input for developing the interim estimates presumably by February 19, 2021 or final estimates by January 2022. For example, when updating estimates, the NAS recommends that such estimates draw on external technical expertise and that revisions be subject to public notice and comment. EO 13990 directs the IWG to

¹ 86 Fed. Reg. 7037 (Jan. 25, 2021).

consider the NAS recommendations, solicit public comment and engage with stakeholders in its activities related to the SCC, SCN and SCM.

We encourage you to harmonize the SCC, SCN and SCM activities with the directives contained in the President's "Modernizing Regulatory Review" Memorandum for Heads of Executive Departments and Agencies, also issued on January 20, 2021.² That Memorandum requires the Director of Office of Management and Budget to update, as soon as practicable, the tools used by the Executive Branch to quantify the costs and benefits of regulations, including OMB Circular A-4. These include some of the same tools and methodologies that will be used to revise the SCC, SCN and SCM. The timelines for these two regulatory efforts should be complementary and should benefit from robust stakeholder input so that the resulting guidance from each is consistent with the other.

In summary, we believe that the directives associated with updating these values should adhere to rigorous methodology including ample channels and opportunities for public and stakeholder input.

As members of the regulated community, we look forward to participating in this process.

Sincerely,

American Chemistry Council
American Forest & Paper Association
American Fuel & Petrochemical Manufacturers
American Iron and Steel Institute
American Petroleum Institute
Council of Industrial Boiler Owners
Fertilizer Institute
Independent Petroleum Association of America
National Association of Manufacturers
Portland Cement Association
U.S. Chamber of Commerce

² 86 Fed. Reg. 7223 (Jan. 26, 2021).