



January 16, 2018

The Honorable Scott Pruitt
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue, N.W.
Washington, D.C. 20460

**RE: Repeal of Carbon Pollution Emission Guidelines for Existing Stationary Sources:
Electric Utility Generating Units, Docket ID No. EPA-HQ-OAR-2017-0355-0002**

Dear Administrator Pruitt:

Western Energy Alliance supports the proposal to repeal the Clean Power Plan, which was promulgated despite potentially exceeding the bounds of authority delegated to EPA and developed using social cost of carbon metrics that contain several flawed assumptions. We support EPA's decision to explore revising the rule's scope through an Advanced Notice of Proposed Rulemaking, which will give the agency sufficient opportunity to collect relevant information from stakeholders prior to formal proposal. Should EPA proceed with a revised standard for greenhouse gas emissions from existing stationary electricity generating units, we encourage EPA to acknowledge the role natural gas can play as a flexible, reliable, and low-emission fuel source.

Western Energy Alliance represents over 300 companies engaged in all aspects of environmentally responsible exploration and production of oil and natural gas in the West. Alliance members are independents, the majority of which are small businesses with an average of fifteen employees.

The Clean Power Plan's reliance on the social cost of carbon is problematic because the social cost of carbon is based on economic and environmental models that project out to the year 2100 and beyond, making numerous assumptions along the way. Even with the best information, developing a forecast that far into the future is a nearly impossible task. The social cost of carbon relies on models' ability to accurately predict global economic and environmental conditions by as much as three centuries into the future. It then heavily weights those highly uncertain future impacts through the selective use of discount rates.

There are [specific guidelines](#) per Office of Management and Budget Circular A-4 for how agencies should conduct cost-benefit analyses to make them uniform and fair. Given that the impacts of climate change may be felt far into the future, the application of discounting to future streams of cost and benefits is appropriate. However, the discount

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rates of 2.5%, 3%, and 5% used in the benefits analysis of the Clean Power Plan all place greater emphasis than existing Office of Management and Budget guidance recommends.

Office of Management and Budget guidance dictates that agencies use 3% and 7% discount rates for their analyses. The analysis of the Clean Power Plan used a social cost of carbon to estimate benefits that did not include a 7% discount, yet EPA still analyzed the costs of compliance of new rules at the 7% rate. This disproportionately favors the long-term benefits over today's real-world costs and the slanted use of discount rates put a heavy thumb on the scale in favor of the regulations. The social cost of carbon is critical to justifying the Clean Power Plan. Without the social cost of carbon benefits, the rule's net benefits would be significantly lower. We are not suggesting that the social cost of carbon is zero, but merely that it's inflated in agency analysis.

Should EPA choose to move forward with a revised rule on greenhouse gas emissions, we encourage the agency to consider the role natural gas can play in the energy mix as a low-cost, clean-burning, and flexible fuel source. Natural gas is playing an increasingly important role for reducing standard air pollutants as well as greenhouse gas emissions. [Since 2005](#), EPA has recorded [substantial decreases](#) in pollutants—60% in fine particulate matter, 68% in SO₂, and 52% in NO_x—at the same time that [natural gas production](#) has risen by 35% and [natural gas electricity generation](#) has increased by 50%. When used for electricity generation, natural gas does not produce the harmful soot, SO₂ and mercury emissions that coal generation does. [Replacing coal with natural gas electricity generation](#) results in a 400-fold reduction in particulate matter, a 4000-fold reduction in SO₂, a 70-fold reduction in NO_x, and a 30-fold reduction in mercury. These valuable co-benefits come alongside significant greenhouse gas reductions.

Because natural gas is increasingly replacing coal in electricity generation, U.S. greenhouse gas (GHG) emissions from the electric utility sector have declined to the [lowest level since 1988](#). Electric utilities have taken advantage of clean and affordable natural gas, allowing U.S. GHG emissions to fall by over 659,000 million metric tons of CO₂-equivalents since 2006, more than any other country.

The positive impacts of the natural gas revolution haven't gone unnoticed. According to [the Breakthrough Institute](#): "... since 1950, natural gas and nuclear prevented 36 times more carbon emissions than wind, solar, and geothermal. Nuclear avoided the creation of 28 billion tons of carbon dioxide, natural gas 26 billion, and geothermal, wind, and solar just 1.5 billion." And according to [the Brookings Institution](#), the best way to cut greenhouse gas emissions is through switching to natural gas-fired power plants. In fact, combined-cycle natural gas turbines cut 2.6 times more CO₂ emissions than wind and four times more than solar. That's because even though renewables avoid emissions when they produce electricity, they only do so when the wind is blowing or the sun is shining. By comparison, natural gas reduces CO₂ emissions 24 hours a day, 7 days a week.

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Thanks in part to the benefits of natural gas, the United States has reduced greenhouse gas emissions at a greater rate than Europe and other developed countries. The natural gas industry is proud to provide a real and meaningful solution to reducing greenhouse gas emissions through private sector investment in a market economy.

In closing, we support EPA's proposal to repeal the Clean Power Plan and evaluate whether it should be re-proposed using appropriately scoped requirements based on a balanced social cost of carbon. We believe that any effort to regulate greenhouse gas emissions from the electric generation sector should include natural gas as an important component of the energy mix as a clean-burning baseload fuel.

Sincerely,



Ryan Streams
Manager of Regulatory Affairs