



COMMITTEE ON
SCIENCE, SPACE, & TECHNOLOGY
Lamar Smith, Chairman

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Statement of Chairman Andy Biggs (R-Ariz.)
At What Cost? Examining the Social Cost of Carbon

Chairman Biggs: Welcome to today's joint subcommittee hearing entitled "At What Cost? Examining the Social Cost of Carbon." Today we will examine the previous administration's determination of the Social Cost of Carbon, or SCC, and explore why the calculated value is flawed.

Energy is the bedrock of our society. And yet, the SCC estimate of the previous administration has killed jobs, limited innovation, and resulted in higher energy costs for American families—all in exchange for benefits that are negligible at best, and nonexistent at worst.

The Obama Administration's Interagency Working Group, which ultimately established an enormously high SCC of \$37 per ton of CO₂ emitted into the atmosphere, relied on outdated economic models and failed to take into account the White House's own Office of Management and Budget, or OMB, guidelines for cost-benefit analysis.

Quite simply, the working group used numbers that got them the results they wanted in order to advance some of the most expensive and expansive regulations ever written. In pushing forward this political agenda, the working group acted irresponsibly. It also allowed the previous administration to implement stringent and costly regulations without a scientific basis.

As we will learn today, the SCC working group ignored two major OMB recommendations for federal agency rulemaking. First, it failed to use a 7 percent discount rate, and instead relied on rates of 2.5%, 3%, and 5%; and, second, it ignored the guideline to report cost-benefit analysis from a domestic perspective. If nothing else is taken away from what will be a very technical hearing, I hope it will be these two very basic flaws.

The low long-term discount rate established by the previous administration fundamentally disregards the notion that the American economy is resilient and can respond to potential future threats with technological development and innovation.

As to the flaw of the previous administration's decision to focus on CO₂ emissions from a global perspective, this approach leaves the U.S. footing the bill for costly regulations that are based on benefits conferred to other countries. It is simply not right for

Americans to be bearing the brunt of costs when the majority of benefits will be conferred away from home.

By ignoring OMB guidelines, the current SCC models leave critical components out of the discussion. If the OMB guidelines would have been followed, the social cost of carbon would be significantly lower.

The previous administration disregarded scientific integrity by overestimating climate change resulting from greenhouse gas emissions. In order to push an expensive regulatory agenda, the administration inflated the SCC to justify costly regulations in response to the *allegedly* terrible damage CO2 emissions will cause in the future.

The SCC is nothing but a one-sided manipulation of parameters to fit the policy-driven agendas of the previous of the previous administration. These alarmist tactics need to stop. Today's hearing is intended to uncover the real truth and deception behind the SCC.

America's strength emanates from our resilience and flexibility. Attempts to justify government regulations over industry innovations hinders growth and development. I look forward to working with the Trump administration to renew faith in American ingenuity and technological development.

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