



August 3, 2020

The Honorable Andrew Wheeler
Administrator
U.S. Environmental Protection Agency
1200 Pennsylvania Avenue NW
Washington, DC 20460

Re: Increasing Consistency and Transparency in Considering Benefits and Costs in the Clean Air Act Rulemaking Process, Docket No. EPA-HQ-OAR-2020-00044

Dear Administrator Wheeler:

Western Energy Alliance appreciates the proposed rule to implement a consistent approach to benefit-cost analysis (BCA) for EPA rulemaking. We support increased transparency and consistency to ensure honest accounting of relevant social costs and benefits in analyses for significant Clean Air Act (CAA) regulations.

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

Economic Guidelines

We support EPA's intention to codify an official BCA approach for future significant regulations promulgated under the CAA, with a more thorough assessment of all relevant social costs and benefits. As stated in the proposed rule, it is important that CBA guidelines be updated to account for growth and development of economic tools and practices and not be limited to quantified compliance costs and modeled environmental benefits. By mandating a rigorous analysis that includes a clear statement of need, an examination of regulatory options, and an assessment of all benefits and costs relative to a no action scenario, rulemaking will be more consistent and transparent.

Section 3 (f)(1) of President Clinton's executive order 12866 requires that any regulatory action that would likely result in a rule that may adversely affect the economy, productivity, competition or jobs should attempt to maximize net benefits when choosing among regulatory approaches. EPA's *Guidelines for Preparing Economic Analyses* implemented this executive order. By codifying these guidelines, the proposed rule will ensure consistent best management practices for conducting BCA, establish an official BCA

methodology and ensure that potential economic consequences are fully considered for CAA rules.

The rule's reference to *Michigan v. EPA* regarding the CAA's context of the phrase, "appropriate and necessary," recognizes that no regulation is appropriate if it does significantly more harm than good and that it is never appropriate to impose costs worth billions to achieve health and environmental benefits of lesser value. In keeping with this intent of *Michigan v. EPA*, the proposed rule should focus resources on significant environmental concerns. by instituting a clear set of guidelines and consistent methodology that fully captures the consequence of a rulemaking. By more effectively balancing the costs with the benefits, the proposed rule will mitigate the unintended consequence that "too much wasteful expenditure devoted to one problem may well mean considerably fewer resources available to deal effectively with other (perhaps more serious) problems."

Considering Social Costs and Benefits

The general equilibrium approach with a clear definition of the term "social cost" is an important aspect of the proposed rule. Historically, CAA rulemaking has defined social cost by compliance cost alone, while ignoring the broader economic impact of a rule. New environmental regulations may affect a wide variety of companies and individuals both within and outside a regulated industry, particularly one as complex and foundational as the oil and natural gas industry. Associated costs may result in lost jobs, lost tax revenue, and financial hardship for those who depend on affordable energy. By quantifying social cost as compliance costs alone, BCAs often fail to capture the full impact of rules on the broader public. The general equilibrium approach rectifies this imbalance by factoring in general welfare costs.

Coalition Comments

Western Energy Alliance supports the detailed technical and legal comments from the coalition of the American Chemistry Council, American Petroleum Institute, National Association of Manufacturers, and U.S. Chamber of Commerce. In particular, the discussion of the authority under Section 301 of the CAA; the conduct of risk assessments and health benefit estimates; the disclosure of economic and scientific uncertainty; and primacy of benefits based on the targeted pollutant while considering ancillary benefits secondarily. We would also make the point that the rule should prohibit the double counting of benefits. Once a pollutant is covered by an existing rule, a new rule should not be able to count as a co-benefit controlling of that same pollutant at the same level.

Thank you for considering our input. Codifying an official BCA approach that honors the intentions of executive order 12866 and considers the full spectrum of social cost will provide needed uniformity to CAA rulemaking. We appreciate the opportunity to

comment and EPA's effort to increase consistency and transparency in considering benefits and costs in the CAA rulemaking process.

Sincerely,

Kathleen M. Sgamma
President