



Trump's EPA Denies Climate Costs to Kill the Clean Power Plan

By Alison Cassidy

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On October 10, 2017, Scott Pruitt, administrator of the Trump administration's Environmental Protection Agency (EPA), officially proposed revoking the Clean Power Plan (CPP).¹ The CPP, finalized by President Barack Obama in August 2015, set the first-ever carbon pollution standards for power plants.² The EPA estimated that these pollution standards would provide enormous health and climate benefits that would outweigh estimated compliance costs by a ratio of as much as 6-to-1.³ To make this proposal to nullify the CPP look less harmful to the environment and public health, Trump's EPA uses fuzzy math to nearly zero out the climate-related benefits of cutting carbon pollution from the electric power sector.

The Obama administration concluded—rightly—that climate change has a cost

The Obama EPA estimated that the CPP would reduce carbon dioxide emissions by 32 percent from 2005 levels by 2030.⁴ The EPA used the social cost of carbon (SCC)—the dollar value associated with adding 1 ton of carbon to the atmosphere—to monetize the climate-related benefits of implementing the CPP.⁵ The Obama administration established an interagency working group to develop a standard value for the SCC using the best available methodology. For 2015, the SCC was \$35 per metric ton (in 2011 dollars). With the SCC as a guide, President Obama's EPA calculated that the CPP would avert \$20 billion in climate-related costs in 2030.⁶

The Trump administration assumes that carbon pollution causes little damage

On March 28, 2017, President Donald Trump nullified the SCC figure developed by the Obama administration, leaving it to each agency to determine.⁷ In his proposal to revoke the CPP, Administrator Pruitt assumes that adding 1 ton of carbon pollution to the atmosphere causes \$1 to \$5 in climate-related damage. Thus, the CPP would avert as little as \$47 million in climate-related costs in 2030.⁸ Administrator Pruitt

artificially deflated the climate benefits of cutting carbon pollution so that the costs of implementing the CPP appear to outweigh the benefits.

TABLE 1

How Trump's EPA cooked the books to negate the value of cutting carbon pollution

| | CPP final rule, in 2011 dollars | Trump's proposal to revoke the CPP |
|---|---------------------------------|------------------------------------|
| Cost of a ton of carbon pollution, 2015 | \$35 per metric ton | \$1 to \$5 per metric ton |
| Climate-related costs averted in 2030 | \$20 billion | \$47 million to \$2.7 billion |

Sources: Environmental Protection Agency, Regulatory Impact Analysis for the Clean Power Plan Final Rule (U.S. Department of Energy, 2015), pp. 4-8-4-9, available at <https://19january2017snapshot.epa.gov/sites/production/files/2015-08/documents/cpp-final-rule-ria.pdf>; Environmental Protection Agency, Regulatory Impact Analysis for the Review of the Clean Power Plan: Proposal (U.S. Department of Energy, 2017), p. 44, available at https://www.epa.gov/sites/production/files/2017-10/documents/ria_proposed-cpp-repeal_2017-10.pdf.

The Trump EPA uses dubious assumptions to underestimate the benefit of cutting carbon pollution

To devalue the cost of 1 ton of carbon pollution, Administrator Pruitt made two questionable value judgments:

- **Avoiding economic costs to industry today is more important than the well-being of future generations.** Administrator Pruitt's proposal reflects this value judgment by increasing the discount rate⁹ from 3 percent in the SCC methodology to as high as 7 percent. The effect is to make it harder—in cost-benefit terms—to justify action today to avert potential climate damage in the future.
- **U.S. carbon pollution does not contribute to global climate change.** As calculated by the Obama administration's working group, the SCC reflects the global economic damage caused by 1 ton of carbon pollution. In contrast, Administrator Pruitt's proposal calculates the per-ton value of carbon based solely on climate-related impacts in the United States—even though 1 ton of carbon pollution released within U.S. borders has a global impact.

The devastating wildfires, floods, and hurricanes that have hammered the United States in 2017 reflect the significant human and economic toll caused by extreme weather fueled by a warming climate. These events—and their victims—stand as a vivid contradiction to Administrator Pruitt's assertion that climate change imposes little societal cost.

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Endnotes

- 1 Environmental Protection Agency, *Repeal of Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units; Proposed Rule* (U.S. Department of Energy, 2017), available at https://www.epa.gov/sites/production/files/2017-10/documents/frn_cpp_repeal_2060-at55_proposal_20171010disclaimer.pdf.
- 2 U.S. Environmental Protection Agency, “Carbon Pollution Emission Guidelines for Existing Stationary Sources: Electric Utility Generating Units; Final Rule,” *Federal Register* 80 (205) (2015).
- 3 U.S. Environmental Protection Agency, “Fact Sheet: Clean Power Plan By The Numbers” (2015), available at <https://archive.epa.gov/epa/cleanpowerplan/fact-sheet-clean-power-plan-numbers.html>.
- 4 U.S. Environmental Protection Agency, “Fact Sheet: Overview of the Clean Power Plan” (2015), available at <https://archive.epa.gov/epa/cleanpowerplan/fact-sheet-overview-clean-power-plan.html>.
- 5 Interagency Working Group on Social Cost of Greenhouse Gases, *Technical Support Document: Technical Update of the Social Cost of Carbon for Regulatory Impact Analysis Under Executive Order 12866* (U.S. Government, 2016), available at https://www.epa.gov/sites/production/files/2016-12/documents/sc_co2_tsd_august_2016.pdf.
- 6 U.S. Environmental Protection Agency Office of Air and Radiation and Office of Air Quality Planning and Standards, “Regulatory Impact Analysis for the Clean Power Plan Final Rule” (2015), pp. 4-8–4-9, available at <https://19january2017snapshot.epa.gov/sites/production/files/2015-08/documents/cpp-final-rule-ria.pdf> - page=173.
- 7 White House Office of the Press Secretary, “Presidential Executive Order on Promoting Energy Independence and Economic Growth,” Press release, March 28, 2017, available at <https://www.whitehouse.gov/the-press-office/2017/03/28/presidential-executive-order-promoting-energy-independence-and-economy-1>.
- 8 Environmental Protection Agency, *Regulatory Impact Analysis for the Review of the Clean Power Plan: Proposal* (U.S. Department of Energy, 2017), p. 44, available at https://www.epa.gov/sites/production/files/2017-10/documents/ria_proposed-cpp-repeal_2017-10.pdf.
- 9 For a layman’s discussion of discount rates, see David Roberts, “Discount rates: A boring thing you should know about (with otters!),” *Grist*, September 24, 2012, available at <http://grist.org/article/discount-rates-a-boring-thing-you-should-know-about-with-otters/>.