



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

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Statement of Chairman Darin LaHood (R-III.)

At What Cost? Examining the Social Cost of Carbon

Chairman LaHood: Welcome to today's joint subcommittee hearing examining the previous administration's Social Cost of Carbon, the shortfalls and application of this flawed process. The previous administration manipulated the Social Cost of Carbon calculation to reflect significant benefits to enacting what were ultimately job-killing regulations and policies across a wide spectrum of issues. The Social Cost of Carbon is a flawed, tool used by the Obama Administration to justify a green agenda. When in reality, the prior Administration was seeking to offset its costly regulations with far reaching implications that burden our industries and nation.

Unsurprisingly the previous administration ignored specific guidelines set forth by the Office of Management and Budget (OMB) and used the Social Cost of Carbon as a vehicle to tout the economic benefits of new environmental regulations. This is troubling and to me is not being honest with the taxpayers.

Critics take issue primarily with two aspects of the Social Cost of Carbon methodology. Specifically, the discount rate used and the domestic versus global benefits claimed. Both issues I look forward to discussing in more detail with our panel of esteemed witnesses today.

I, too, take issue with the methodology but also the lack of transparency with the use and development of the Social Cost of Carbon. Three statistical integrated assessment economic models were used to develop the Social Cost of Carbon. The FUND (Climate Framework for Uncertainty, Negotiation and Distribution), the DICE (Dynamic Integrated Climate-Economy), and the PAGE (Policy Analysis of the Greenhouse Effect). Experts have concluded these three models are flawed and possess too many uncertainties to be the foundation of the benefit analysis of environmental regulations. If one were to change the reasonable assumptions these models are based on, the result will drastically differ, demonstrating malleability in the Social Cost of Carbon calculation.

Because of these realities, last year I was pleased to cosponsor H.R. 5668, Transparency and Honesty in Energy Regulation Act. Or THERA. This legislation is aimed at prohibiting the Department of Energy and the Environmental Protection Agency from considering the Social Cost of Carbon as part of any cost benefit analysis unless specifically authorized by law. If passed the DOE and EPA would no longer rely on

manipulated and fabricated economic benefits to justify or support new job-killing environmental regulations.

The Social Cost of Carbon is nothing but a political tool lacking scientific integrity and transparency conceived and utilized by an administration pushing a green agenda to the detriment of the American taxpayers. Perhaps a better measurement of the Social Cost of Carbon is *not* the net damages that result from a 1-metric ton increase in carbon dioxide emissions in a given year but the damage inflicted on domestic industries by the environmental regulations justified by this flawed calculation.

I would like to thank our witnesses for being here today to discuss this important matter. In addition, I look forward working with the Trump administration to reverse the damage caused by the Obama Administration. With that, I yield back to the chair.

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