

# Speculation based CO<sub>2</sub> regulation is wrong

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## CO<sub>2</sub> reduction benefit claims are not supportable

EPA's proposed regulation of power plant CO<sub>2</sub> emissions is based on an elaborate computation called the "Social Cost of Carbon" or SCC. It uses a series of long range climate and economic computer models to supposedly estimate the future damages caused by today's emissions.

According to the SCC computer modeling these future damages are very great, stupendous even, amounting to several percent of global economic output every year for several centuries. EPA then claims that the supposed primary benefits from reducing CO<sub>2</sub> emissions from coal-fueled power plants is that some of these huge damages will not occur. They also claim a lot of secondary, health benefits from the reduction of non-CO<sub>2</sub> emissions.

As explained below, beginning with the SCC modeling, these great claims cannot be justified. That they can be made at all indicates that something is very wrong with the Federal rule-making process.

To begin with, there is a huge critical literature on SCC. The consensus is that it is a bunch of arbitrary assumptions strung together to get a big number. The scientific literature on SCC is clear that the uncertainties are huge. Uncertainty cannot justify new rules. Regulation should not be based on wild speculation, which is all that SCC is.

## Here are some of the reasons why SCC is preposterous

1. SCC ignores the scientific debate. That there will be any adverse impacts from CO<sub>2</sub> emissions has yet to be established. SCC uses advocacy models that assume a huge amount of human induced warming and damage there from. This is speculation disguised as science. Speculation is no basis for regulation.
2. SCC goes out 300 years to get its assumed damages. We have no idea what the world is going to be like 100 years from now, much less 200 or 300. Imagine someone in 1700 wanting people to stop doing something important based on what will happen in 2000. That is where we are with SCC.
3. SCC is extremely sensitive to arbitrary assumptions. Equally plausible assumptions find a value 90% lower value, or even close to zero. Some models even show increasing CO<sub>2</sub> levels to be beneficial but SCC ignores them.
4. In addition to a lot of warming SCC also includes catastrophic changes. One

model assumes these are 10% likely. This is pure speculation, a computer game at best. Other models show modest warming, which may well be beneficial, but they are ignored.

5. The bogus SCC damage estimate was adjusted upward by about 50% between 2009 and 2013, just in time for the EPA rule making. It could just as easily have been adjusted 50% downward because SCC is a postulate not an estimate. Pick your assumptions to get your answer.

6. SCC claims to know the dollar damages over the next 300 years of every single ton of CO<sub>2</sub> emitted today. According to SCC a medium sized coal-fueled power plant will do over ten billion dollars worth of future damage over its lifetime. This wild claim is absurd. (Note that a gas fired plant will still do over 6 billion dollars worth of damages according to SCC.)

The literature on SCC makes it clear that the future damages of today's CO<sub>2</sub> emissions are not only unknown, they may not even exist. Arbitrary assumptions can produce any number one wants and SCC has been designed to generate big bad numbers. This is wrong and regulations should not be based on it.

Thus the so-called Social Cost of Carbon is pure speculation disguised as regulatory science. What SCC does, however, is to make clear the incredibly vague nature of the supposed climate change threat. Fortunately the rules for proposed regulations require a specific analysis of costs and benefits, which is called a regulatory impact analysis. Thus the regulators were forced to cook up the SCC numbers. It is the best they could come up with. EPA's reliance on SCC makes clear just how preposterous the climate change scare really is.

## Non-CO<sub>2</sub> emission benefit claims by EPA also fail

EPA also throws in a lot of speculative health benefit claims in its attempt to justify the proposed CO<sub>2</sub> control rules. These supposed benefits are not due to the proposed CO<sub>2</sub> reductions per se. Rather they are due to an assumption that all emissions from coal-fueled power will be greatly reduced. There are serious problems with this regulatory approach.

To begin with the non-CO<sub>2</sub> emissions in question are already heavily regulated. If there are actually these benefits to be gained from reducing them then that should be done under the existing regulatory programs. Regulating one emission in order to reduce others makes no sense, so the latter cannot justify the former.

Also it is far from clear that these other emissions will be reduced the way that is assumed. After all the proposed CO<sub>2</sub> control regulations do not make that a requirement. It is, once again, merely a speculation.

For example, SO<sub>2</sub> emissions are regulated under a cap and trade system. If one power plant reduces its SO<sub>2</sub> emissions in order to meet the CO<sub>2</sub> reduction rules, say by switching to gas, another plant can simply emit that much more. The SO<sub>2</sub> cap is not reduced by the proposed CO<sub>2</sub> regs.

Note too that EPA itself based its CO<sub>2</sub> control regs for new coal-fueled power plants on the assumption that they will use carbon capture and storage technology or CCS. If CCS is used to meet the proposed CO<sub>2</sub> rules then the amount of coal burned might go way up, not down. This is because CCS uses a lot of energy, so a lot more generation will be needed just to meet present demand. Thus EPA seems to be assuming one thing for one CO<sub>2</sub> control regulation and the opposite for a parallel regulation. This is hypocritical at best.

It is also far from clear that these emissions from coal-fueled combustion are causing the adverse health effects that EPA claims. These emissions have been dramatically reduced in the last forty years and there is little evidence that the claimed health benefits have followed. Thus these health benefit claims are also wildly speculative.

## We need new controls to prevent overregulation

In summary, EPA is basing its proposed coal killing regulations on unsupportable speculation. It should not be able to do that, but the internal controls that are supposed to prevent this kind of wild overregulation seem to have broken down. Clearly we need some new controls. Federal agencies should not be able to impose monster regulations based on assumption laden computer models that claim to predict 300 years ahead.

Note that these preposterous SCC numbers are being used by all of the Federal agencies, not just EPA. SCC is a dangerous government wide initiative. For example a Federal judge recently ruled that SCC must be considered in any environmental impact analysis that has CO<sub>2</sub> emission implications. This is a staggering requirement.

Moreover the case in question is the development of a coalmine on Federal lands, where the issue is not the CO<sub>2</sub> produced in mining the coal, but rather in burning it to generate electricity. This is a tremendous expansion of the scope of environmental impact, one which looks at the entire energy system of the country.

Clearly the global warming issue is now out of control. The question is how to restore some semblance of rational rule-making at the Federal level? Most of the laws and executive orders designed to control rule-making are several decades old. These need to be revised or new controls created, to deal with what appears

to be hysterical science. The SCC fiasco reveals that regulation cannot be based solely on arbitrary computer modeling.

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