



UNITED STATES ENVIRONMENTAL PROTECTION AGENCY
WASHINGTON, D.C. 20460

July 25, 2018

OFFICE OF
THE ADMINISTRATOR

Kimberly D. Bose, Secretary
Federal Energy Regulatory Commission
888 First Street North East
Washington, D.C. 20426

Dear Ms. Bose:

The U.S. Environmental Protection Agency (EPA) wishes to clarify the scope and intent of, and further discuss several issues raised in, its comments provided on June 21, 2018 (Comments), regarding the Federal Energy Regulatory Commission (FERC) policy statement on the certification of new natural gas transportation facilities (Policy Statement, Docket No. PL 18-1-000).

In its Notice of Inquiry (NOI), FERC identified specific questions within the following four general areas: (1) the reliance on precedent agreements to demonstrate the need for a proposed project; (2) the potential exercise of eminent domain and landowner interests; (3) the Commission's evaluation of alternatives and environmental impacts under the National Environmental Policy Act (NEPA) and the Natural Gas Act (NGA); and (4) the efficiency and effectiveness of the Commission's certificate processes.

EPA provided comments focused on addressing questions the NOI identified that relate to the evaluation of environmental impacts, including development of alternatives, assessment of cumulative impacts, and tools for quantifying and monetizing greenhouse gas (GHG) emissions changes.

In this last regard, EPA's discussion of methods of GHG analysis did not speak to the question of whether and when FERC should engage in such analysis, or whether, when it does, it should monetize its estimate of GHG effects or use any particular tool in doing so. Nor did EPA identify any deficiency in FERC's policies or specific past analyses. Rather, EPA identified available tools that FERC may choose to employ if it determines such analysis is appropriate.

On the question of monetization of impacts from GHG emissions, EPA notes that NEPA and the Council on Environmental Quality (CEQ) implementing regulations do not require FERC or other agencies to monetize costs and benefits of a proposed action. CEQ regulations provide that agencies need not weigh the merits and drawbacks of particular alternatives in the form of

monetary cost-benefit analysis, and those merits and drawbacks should not be weighed in that form when there are important qualitative considerations. 40 CFR § 1502.23.

Further, with regard to the discussion of the social cost of carbon, EPA notes that tool was developed to aid the monetary cost-benefit analysis of rulemakings. It was not designed for, and may not be appropriate for, analysis of project-level decision-making. *See, e.g.*, Technical Support Document—Social Cost of Carbon for Regulatory Impact Analysis, Interagency Working Group on Social Cost of Carbon, at 1 (Feb. 2010) (“The purpose of the ‘social cost of carbon’ (SCC) estimates presented here is to allow agencies to incorporate the social benefits of reducing carbon dioxide (CO₂) emissions into cost-benefit analyses *of regulatory actions....*”) (emphasis added).

Moreover, EPA notes that the February 2010 social cost of carbon estimates, and subsequent related documents developed by the Interagency Working Group on Social Cost of Greenhouse Gases, no longer represent government policy. Executive Order No. 13,783, § 5(a)(i)-(vi) (Mar. 28, 2017).

We appreciate the opportunity to comment on the NOI and we look forward to continuing to work collaboratively with FERC. Should you have questions regarding our comments, the staff contact is Jessica Trice. She may be reached at (202) 564-6646 or via email at trice.jessica@epa.gov.

Sincerely,



Brittany Bolen
Associate Administrator
Office of Policy