

PUTTING A PRICE ON CARBON

Could this idea be a solution to climate change?

MATTHEW BROWN | Associated Press

As climate change bakes the planet, dozens of nations and many local governments are putting a price tag on greenhouse gas emissions that are causing more floods, droughts and other costly catastrophes.

Pennsylvania recently became the first major fossil fuel-producing state in the U.S. to adopt a carbon pricing policy to address climate change. It joins 11 states where coal, oil and natural gas power plants must buy credits for every ton of carbon dioxide they emit.

President Joe Biden is attempting a less direct approach — known as the social cost of carbon — that calculates future climate damages to justify tougher restrictions on polluting industries. Republicans say that could crush many businesses. They want the U.S. Supreme Court to stop the administration after lower courts in Louisiana and Missouri split on the issue.

Governments elsewhere have moved more aggressively. Canada, for example, imposes fuel charges on individuals and makes big polluters pay for emissions. It's one of 27 nations with some kind of carbon tax, according to The World Bank.

The varied strategies come as scientists warn climate change is accelerating — and all can help reduce emissions.

“Part of the reason you need all of these things to work in tandem is we do not have a federal climate policy,” said Seth Blumsack, director of the Center for Energy Law and Policy at Penn State University. “We have social cost of carbon used in regulatory decisions but not (a carbon price) that is faced by the market.”

So what's the price tag?

It varies. A lot. The Biden administration's social cost estimate is about \$51, meaning every ton of carbon dioxide spewed from a power plant or tail pipe today is projected to contribute \$51 in economic damages in coming years. The state of New York has its own social cost of carbon, updated in 2020 to \$125 a ton to account for economic trends.

By contrast, emissions were most recently valued at \$13.50 per ton at auction under the Regional Greenhouse Gas Initiative in the Northeast, which Pennsylvania is joining. A similar “cap and trade” emissions program is in place in California, and one is due to go into effect in Washington state in 2023.

Canada's carbon taxes include a minimum fuel charge for individuals equivalent to about \$40 per ton.

Why the big differences?

The social cost of carbon attempts to capture the value of all climate damage, centuries into the future. Carbon pricing reflects how much companies are willing to pay today for a limited amount of emission credits offered at auction.

In other words, the social cost of carbon guides policy, while carbon pricing represents policy in practice.

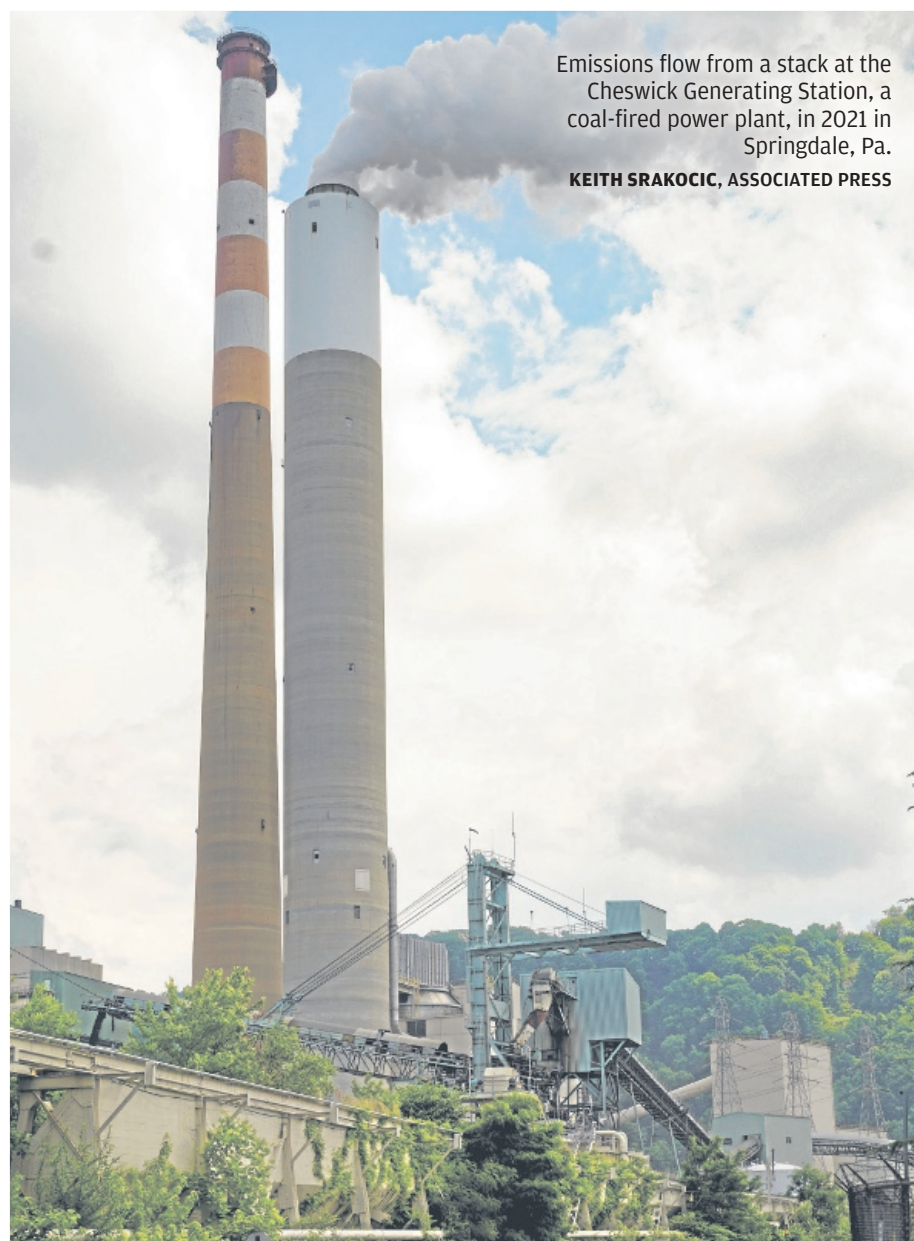
Is any of this working?

Emissions from northeastern states would have been about 24% higher if the carbon pricing consortium hadn't been in place, according to researchers from Duke University and the Colorado School of Mines. The carbon auctions also have brought in almost \$5 billion that can be used to reduce household energy cost increases and promote renewable energy.

The consortium began in 2009 — the year of a failed push in Congress to establish a nationwide cap and trade program. The bipartisan proposal died amid arguments over cost and whether climate change was even occurring.

Following lawsuits from environmentalists, President Barack Obama's administration crafted the social cost of carbon and began including future damage estimates in cost-benefit analyses for new regulations. It was used under Obama more than 80 times, including for tightened vehicle emissions standards and regulations aimed at shuttering coal plants.

President Donald Trump moved to roll back many of the Obama-era rules — and to help justify the changes, the Republican administration cut the social cost of carbon from about \$50 per ton to \$7 or less. The lower number included only domestic climate impacts and not global damages.



Emissions flow from a stack at the Cheswick Generating Station, a coal-fired power plant, in 2021 in Springdale, Pa.
KEITH SRAKOCIC, ASSOCIATED PRESS

What's next?

On the day Biden took office, he set up an interagency group that revived the Obama estimate and promised a revised figure incorporating previously overlooked consequences of climate change.

Many economists expect the revised figure to be higher, perhaps more than double the current \$51.

Without a nationwide cap and trade program, environmentalists and some economists want the government to be more aggressive in using the social cost of carbon to overhaul government energy policy.

Under Biden, the U.S. Interior Department for the first time is applying climate damage considerations to oil and gas sales on public lands and waters.

An upcoming lease sale in Wyoming,

for example, could result in future emissions of 34 million tons of carbon dioxide. That's equivalent to more than \$1.5 billion in future damages.

But the agency still plans to sell the leases because officials said there were no “established thresholds” to evaluate whether the increased emissions were acceptable.

The expansion of carbon pricing into Pennsylvania remains tenuous. A legal challenge is pending and the state's term-limited Democratic governor could soon be replaced by a successor who opposes the state's participation.

“While pricing carbon would be the gold standard, it seems politically difficult to actually get there,” said Brian Prest with Resources for the Future, a Washington, D.C.-based research organization.



Aviso de oportunidad de comentarios públicos Sitio Superfund U.S. Smelter and Lead Refinery East Chicago, Indiana

La Agencia de Protección Ambiental de los EE. UU. (U.S. EPA, por sus siglas en inglés) invita al público a revisar y comentar sobre dos propuestas de acuerdos administrativos y una explicación de diferencias significativas (ESD por sus siglas en inglés), acerca del sitio Superfund U.S. Smelter and Lead Refinery, Inc., ubicado en East Chicago.

- **Acuerdo de Comprador Prospectivo:** La EPA propone entrar en el acuerdo de comprador prospectivo (PPA por sus siglas en inglés) con la empresa *Industrial Development Advantage of East Chicago, LLC* (IDA por sus siglas en inglés), como comprador la antigua propiedad de Vivienda Pública de West Calumet. El acuerdo PPA requiere que el comprador realice la limpieza en la propiedad comprada, que forma parte de la Zona 1 del sitio Superfund USS Lead.
- **Acuerdo Administrativo de Resolución y Orden en Consentimiento:** La EPA propone entrar en el acuerdo administrativo de resolución y orden en consentimiento (ASAOC por sus siglas en inglés) con las partes potencialmente responsables del sitio Superfund USS Lead, o PRP, como demandados. El acuerdo requiere que los demandados proporcionen seguridad financiera para la limpieza que será realizada por el comprador de la antigua propiedad de antigua propiedad de Vivienda Pública de West Calumet bajo el PPA (como se describió anteriormente), y que paguen \$18 millones en costos de limpiezas y respuestas pasadas y los costos que se incurrirán por la EPA y el estado de Indiana para supervisar la limpieza y realizar futuras acciones de respuesta.
- **Explicación de Diferencias Significativas:** La EPA propone emitir una ESD para la antigua propiedad de Vivienda Pública de West Calumet. Como lo requiere la Enmienda del Registro de Decisión del 24 de marzo de 2020, la ESD confirmará que las condiciones puestas en la Enmienda del Registro de Decisión han sido cumplidas y que el remedio elegido para la zona 1 es la limpieza al estándar comercial / industrial.

Las copias electrónicas de todo el PPA, ASAOC y ESD están disponibles para su revisión en línea en: www.epa.gov/uss-lead-superfund-site. Las copias impresas de los tres documentos están disponibles para su revisión en la Sucursal Principal de la Biblioteca Pública de East Chicago, 2401 E. Columbus Dr., East Chicago, Indiana, y en la Biblioteca de la Sucursal Robert A. Pastrick, 1008 W. Chicago Ave., East Chicago, Indiana.

El período de comentarios públicos de 30 días tanto para los acuerdos propuestos como para la ESD comienza el 4 de mayo y está abierto hasta el 3 de junio de 2022. Los comentarios enviados en línea, por correo electrónico, o por teléfono serán aceptados durante el periodo de comentarios hasta las 11:59 pm del 3 de junio. Los comentarios enviados por correo postal deben tener sello postal antes de 3 de junio.

Como enviar comentarios

- Por medio de la web:** Portal Federal eRulemaking www.regulations.gov
Forma para comentarios en línea de la EPA www.epa.gov/uss-lead-superfund-site
- Por medio de un correo electrónico:** rodriguez.charles@epa.gov
- Por medio del servicio postal:** Charles Rodriguez
U.S. EPA, Region 5, Mail Code RE-19J
77 W. Jackson Blvd., Chicago, IL 60604
- Por medio telefónico:** (312) 353-6284 (Deje un mensaje de voz después del aviso)

Reunion Pública y Audiencia

Se ha programado una reunión pública para el 21 de mayo de 2022, donde la EPA responderá preguntas sobre los acuerdos administrativos propuestos y la ESD. La reunión pública brindará al público más oportunidades para comentar sobre los tres documentos.

Fecha: 21 de mayo de 2022 **Hora:** 10 a.m. - 1 p.m.
Lugar: Auditorio de la Antigua Escuela Carrie Gosch, 455 E. 148th St., East Chicago

Para cualquier pregunta relacionada con los acuerdos administrativos propuestos o la ESD, póngase en contacto con:

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