

Conversation Contents

Fwd: (FOIA response 2 of 6) Fwd: briefing request: need for guidance on considering the social costs of climate change

Attachments:

/2. Fwd: (FOIA response 2 of 6) Fwd: briefing request: need for guidance on considering the social costs of climate change/1.1 Monetizing Costs and Benefits - proposed language - GHGs IM RW sc 4-17-2017.docx

"Bobo Jr, Anthony" <a1bobo@blm.gov>

From: "Bobo Jr, Anthony" <a1bobo@blm.gov>
Sent: Fri Aug 18 2017 16:54:46 GMT-0600 (MDT)
To: Thomas Bartholomew <tbarthol@blm.gov>
Subject: Fwd: (FOIA response 2 of 6) Fwd: briefing request: need for guidance on considering the social costs of climate change
Attachments: Monetizing Costs and Benefits - proposed language - GHGs IM RW sc 4-17-2017.docx

Anthony D. Bobo, Jr.

Branch Chief Decision Support | Division of Decision Support, Planning and NEPA | Bureau of Land Management
20 M Street SE | Cubicle 5210 | Washington, DC 20003
O: (202) 912-7211 Cell: (202) 422-2087

----- Forwarded message -----

From: Moore, Rebecca <rmoore@blm.gov>
Date: Thu, Aug 17, 2017 at 4:17 PM
Subject: (FOIA response 2 of 6) Fwd: briefing request: need for guidance on considering the social costs of climate change
To: Anthony Bobo <a1bobo@blm.gov>

----- Forwarded message -----

From: Winthrop, Robert <rwinthro@blm.gov>
Date: Mon, Apr 17, 2017 at 11:51 AM
Subject: Re: briefing request: need for guidance on considering the social costs of climate change
To: Rebecca Moore <rmoore@blm.gov>
Cc: Joshua Sidon <jsidon@blm.gov>

Try the attached instead.

Rob Winthrop

Senior Social Scientist, Socioeconomics Program
Decision Support, Planning and NEPA (WO-210)
USD1 - Bureau of Land Management
20 M Street SE (2134 LM), Washington, DC 20003
office 202-912-7287; cell 202-341-4837; rwinthro@blm.gov

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On Mon, Apr 17, 2017 at 1:19 PM, Rebecca Moore <rmoore@blm.gov> wrote:

(b) (5)

-R

From: Winthrop, Robert [mailto:rwinthro@blm.gov]
Sent: Monday, April 17, 2017 10:54 AM
To: Rebecca Moore <rmoore@blm.gov>
Cc: Joshua Sidon <jsidon@blm.gov>
Subject: Re: briefing request: need for guidance on considering the social costs of climate change

Rebecca & Josh--

Regarding the guidance on integrating climate change into NEPA, Andrew T has been coordinating an effort in planning / NEPA and environmental quality to rewrite the guidance, eliminating reference to the now-withdrawn CEQ guidance (and eliminating the phrase 'climate change'). This is due imminently -- tomorrow I think. There's a general statement on monetization, unchanged from the earlier guidance, but probably we should change this.

***Monetizing Costs and Benefits:** NEPA does not require monetizing costs and benefits. The weighing of the merits and drawbacks of the various alternatives need not be displayed using a monetary cost-benefit analysis and should not be when there are important qualitative considerations. When an agency determines that a monetized assessment of the impacts of GHG emissions or a monetary cost-benefit analysis is appropriate and relevant to the choice among different alternatives, such analysis may be incorporated by reference or appended to the NEPA document as an aid in evaluating the environmental consequences.*

The old - January - guidance is available here: <https://www.blm.gov/policy/pim-2017-003-0>.

Thoughts on a placeholder for the revised guidance?

Rob Winthrop
Senior Social Scientist, Socioeconomics Program
Decision Support, Planning and NEPA (WO-210)
USDI - Bureau of Land Management
20 M Street SE (2134 LM), Washington, DC 20003
office 202-912-7287; cell 202-341-4837; rwinthro@blm.gov

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On Mon, Apr 17, 2017 at 12:02 PM, Rebecca Moore <rmoores@blm.gov> wrote:

I say we go ahead with the briefing request and make it clear that coordination with 300 and Reg Affairs will be helpful. I get the impression Steve would like to direct such coordination.

Other things to do before a briefing:

1. Find out what is being done regarding the GHG/NEPA guidance (Rob, can you ask Andrew T? I think he was coordinating the BLM group)
2. Outline policy options. I could update the attached if that would be helpful for such a discussion.

-Rebecca

~~~~~  
Rebecca Moore, PhD  
Senior Economist  
Bureau of Land Management (Decision Support, Planning, and NEPA, WO-210)

Phone: 970-226-9246; Cell: 202-641-5851; Email: [RMoores@blm.gov](mailto:RMoores@blm.gov)  
Mail: Fort Collins Science Center, 2150 Centre Ave., Bldg C., Fort Collins, CO 80526-8118

**From:** Winthrop, Robert [mailto:[rwinthro@blm.gov](mailto:rwinthro@blm.gov)]  
**Sent:** Monday, April 17, 2017 8:30 AM  
**To:** Moore, Rebecca <[rmoores@blm.gov](mailto:rmoores@blm.gov)>; Joshua B Sidon <[jsidon@blm.gov](mailto:jsidon@blm.gov)>  
**Subject:** briefing request: need for guidance on considering the social costs of climate change

Rebecca & Josh--

See attached briefing request. Before Anthony sends that forward we need to identify the options to present to Steve. I want to involve Reg Affairs and our 300 economist friends before we have the briefing. Let's discuss.

-----  
Leah --

Rebecca has clearly summarized the current situation we face regarding use of social cost of greenhouse gases (GHGs), after the President's Executive Order of March 28 on 'Promoting Energy Independence and Economic Growth.' (Note 1) Given the decisions in the EO, we need supplementary direction from the Department or the Office of Management and Budget on how to proceed in estimating the impacts of climate change. Here are some reasons.

The challenge of implementing the direction in section 5 of the Executive Order involves

both scientific and policy considerations. To the extent feasible we should keep these issues distinct. While subsections 5(a) and (c) address the use of social costs in regulatory analyses, the logic is applicable to other uses such as land use planning.

**Best available science.**

(b) (4)

Section (a) calls for agencies to "use estimates of costs and benefits in their regulatory analyses that are based on the best available science and economics." Section (b) disbands the Interagency Working Group on Social Cost of Greenhouse Gases (IWG) and withdraws its technical reports, which provided a range of estimates for the social cost of GHGs. Because of the IWG's formal standing, the range of expertise represented there, and the process by which the IWG did its work,

(b) (5)

**Varied estimates.** Note that subsection 5(c) of the EO acknowledges that agencies may continue to use estimates of the social cost of GHGs, at least in preparing regulations (the text is silent on other uses of the estimates). Rebecca reasonably asks: if "a particular NEPA analysis would benefit from inclusion of monetary estimates of the SCC, can we use another source?" The current literature on the social cost of GHGs offers highly varied estimates. Particularly regarding the social cost of carbon dioxide, estimates in the published literature vary greatly, with many far higher than those presented by the IWG. (Note 2) Because we cannot now utilize the IWG's estimates, any choice of cost estimates we may make for regulatory, planning, or project-level decisions becomes more arbitrary and subject to legal challenge.

**Discounting.** Finally, subsection 5(c) also requires that in estimating the social cost of GHGs agencies seek consistency with OMB Circular A-4 on regulatory analysis (Note 3), which is particularly relevant to the use of discount rates in estimating the social costs of GHGs. Fundamentally, the choice of a discount rate in estimating the costs and benefits of an action is a choice of how much to value the needs of future generations compared to our own. The higher the discount rate, the more we are choosing to value costs and benefits today over those occurring the the future. In the types of potential impacts typically considered in benefit cost analysis -- occurring within one generation, with only marginal effects relative to society as a whole, and subject to a manageable level of uncertainty -- this makes sense. In such cases Circular A-4 recommends using discount rates of 3 and 7 percent. (Note 4) (In comparison, the IWG provided social cost estimates using discount rates of 2.5, 3, and 5 percent.) Yet the impacts of global climate change do not match any of the characteristics of 'typical' actions: impacts will occur over many generations, the effects are large and potentially catastrophic, and the level of uncertainty is high. In fact, Circular A-4 acknowledges that "special ethical considerations arise when comparing benefits and costs across generations." The circular cites literature on intergenerational discounting recommending rates of 1 to 3 percent, and recommends where intergenerational time spans are involved, "consider a further sensitivity analysis using a lower but positive discount rate in addition to calculating net benefits using discount rates of 3 and 7 percent." (Note 5)

Note 2. J. C. J. M. van den Bergh and W. J. W. Botzen. 2014. "A lower bound to the social cost of CO2 emissions." *Nature Climate Change* 4:253-258. DOI: 10.1038/NCLIMATE2135.

Note 3. [https://obamawhitehouse.archives.gov/omb/circulars\\_a004\\_a-4/#e](https://obamawhitehouse.archives.gov/omb/circulars_a004_a-4/#e)

Note 4. OMB Circular A-4, Discounting, section 2.

Note 5. OMB Circular A-4, Discounting, section 4.

## Rob Winthrop

### Senior Social Scientist, Socioeconomics Program

Decision Support, Planning and NEPA (WO-210)  
USDI - Bureau of Land Management  
20 M Street SE (2134 LM), Washington, DC 20003  
office 202-912-7287; cell 202-341-4837; [rwinthro@blm.gov](mailto:rwinthro@blm.gov)

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On Thu, Apr 13, 2017 at 3:54 PM, Rebecca Moore <[rmoore@blm.gov](mailto:rmoore@blm.gov)> wrote:

Anthony,

E.O. 13783, Sec. 5. disbands the Interagency Working Group on the Social Cost of Greenhouse Gases (IWG) and withdraws the Technical Support Documents issued by that group. Those documents contain estimates of the social cost of carbon, and were previously the source we used when including SCC estimates in NEPA documents. It would be helpful to have further directions on how to implement this section of the EO. Some specific questions include:

1. There are other estimates of the SCC in the scientific literature. If it is determined that a particular NEPA analysis would benefit from inclusion of monetary estimates of the SCC, can we use another source?
2. Can we tier analyses to prior documents that may have used the IWG estimates?
3. How should we respond to public comments or protests that refer to the IWG or other estimates of the SCC?

Mike Ford (WO-300 economist) just looped me into a conversation they have been having with Mark Lawyer (Deputy Director, DOI) and Stu Levenbach (OMB) asking if OMB plans to issue guidance on this issue. Mike doesn't have a response yet, but I wanted to let you and Leah/Serena know that this conversation is happening. See email trail below.

For some additional background, attached is the recent briefing paper on BLM's use of SCC in NEPA. Clear policy direction will help ensure that we treat this issue consistently across the agency moving forward.

Thanks,  
-Rebecca

~~~~~  
Rebecca Moore, PhD
Senior Economist
Bureau of Land Management (Decision Support, Planning, and NEPA, WO-210)

Phone: 970-226-9246; Cell: 202-641-5851; Email: RMoore@blm.gov
Mail: Fort Collins Science Center, 2150 Centre Ave., Bldg C., Fort Collins, CO 80526-8118

Monetizing Costs and Benefits: NEPA does not require monetizing costs and benefits. In principle, when an agency determines that a monetized assessment of the impacts of GHG emissions is appropriate and relevant to the choice among different alternatives, such analysis may be incorporated by reference or appended to the NEPA document as an aid in evaluating the environmental consequences. There are currently no estimates of the social costs and benefits of GHGs approved for use by the Department of the Interior. Any office proposing to monetize these costs and benefits should seek approval from the Senior Economist, BLM socioeconomics program. Contact Rebecca Moore, rmoore@blm.gov.

Monetizing Costs and Benefits - proposed language - GHGs IM RW 4-17-2017

Conversation Contents

Fwd: (FOIA response 3 of 6) Fwd: Guidance on E.O. 13783

"Bobo Jr, Anthony" <a1bobo@blm.gov>

From: "Bobo Jr, Anthony" <a1bobo@blm.gov>
Sent: Fri Aug 18 2017 16:52:22 GMT-0600 (MDT)
To: Thomas Bartholomew <tbarthol@blm.gov>
Subject: Fwd: (FOIA response 3 of 6) Fwd: Guidance on E.O. 13783

Anthony D. Bobo, Jr.

Branch Chief Decision Support | Division of Decision Support, Planning and NEPA | Bureau of Land Management
20 M Street SE | Cubicle 5210 | Washington, DC 20003
O: (202) 912-7211 Cell: (202) 422-2087

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From: **Moore, Rebecca** <rmoore@blm.gov>
Date: Thu, Aug 17, 2017 at 4:18 PM
Subject: (FOIA response 3 of 6) Fwd: Guidance on E.O. 13783
To: Anthony Bobo <a1bobo@blm.gov>

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From: **Michael Ford** <mmford@blm.gov>
Date: Wed, Apr 19, 2017 at 2:20 AM
Subject: Re: Guidance on E.O. 13783
To: "jtichenor@blm.gov" <jtichenor@blm.gov>, "jmontag@blm.gov" <jmontag@blm.gov>, "rmoore@blm.gov" <rmoore@blm.gov>

Sorry all, I sent this without adding my comment.

It looks from Stu's email like OMB is still in a holding pattern regarding what guidance to provide on how EO 13783 will affect SCC estimates in our analyses, but could provide some preliminary thoughts if we have any immediate deadlines for anything that could be affected.

Would a phone call in the next couple of weeks be helpful or would it be better to wait until they're able to provide something more comprehensive?

Thanks,
Mike

On Apr 19, 2017, at 9:14 AM, Michael Ford <mmford@blm.gov> wrote:

Sent from my iPhone

Begin forwarded message:

From: "Levenbach, Stuart . EOP/OMB" <Stuart_Levenbach@omb.eop.gov>
Date: April 17, 2017 at 7:11:04 PM GMT+1
To: "Ford, Michael" <mmford@blm.gov>, "Lawyer, Mark" <mark_lawyer@ios.doi.gov>
Cc: "Tichenor, James" <jtichenor@blm.gov>, Benjamin Simon <benjamin_simon@ios.doi.gov>, Rebecca Moore <rmoore@blm.gov>, "Thomas, Amanda L. EOP/OMB" <Amanda_L._Thomas@omb.eop.gov>
Subject: RE: Guidance on E.O. 13783

Hello, Mike.

Our office is working through ideas with respect to considering the social cost of greenhouse gas emissions in light of EO 17783, but is not at the point yet of advising agencies on a preferred method. My preference would be to re-engage once our internal process is farther along, perhaps in several weeks. However, if there are time-sensitive considerations then I would be happy to schedule a call and include our economist, Amanda Thomas.

Stu

From: Ford, Michael [<mailto:mmford@blm.gov>]
Sent: Thursday, April 13, 2017 3:24 PM
To: Lawyer, Mark <mark_lawyer@ios.doi.gov>
Cc: Levenbach, Stuart . EOP/OMB <Stuart_Levenbach@omb.eop.gov>; Tichenor, James <jtichenor@blm.gov>; Benjamin Simon <benjamin_simon@ios.doi.gov>; Rebecca Moore <rmoore@blm.gov>
Subject: Re: Guidance on E.O. 13783

That sounds great Mark, thank you.

Looping in Rebecca as well, whom we should also include in this discussion.

Regards,

Mike

On Thu, Apr 13, 2017 at 2:27 PM, Lawyer, Mark <mark_lawyer@ios.doi.gov> wrote:

Stu is the best person to provide information on any forthcoming OMB guidance. He is on leave and expected back in the office next Monday. Let's touch base with Stu when he gets back. We can then decide whether further conversation would be helpful. I'm copying Ben because others may also be interested in this.

On Thu, Apr 13, 2017 at 12:20 PM, Ford, Michael <mmford@blm.gov> wrote:

Hello Mark and Stu,

First off, I wanted to say that I really enjoyed the panel that you both did with Marty Heinze last Wednesday at the DOI Economics Workshop. You all touched on some really important topics related to how agencies will be expected to comply with the requirements set forth in E.O. 13771. The additional April 5th OMB guidance helped clarify a lot of questions we had.

My colleague James and I were also wondering if there are plans for OMB to issue guidance about implementing Section 5 of E.O. 13783, specifically how to treat Social Cost of GHG emissions from other research (aside from the IWG). This guidance will help us move through the complexities of our regulatory revisions, and numerous EIS, EA, and other NEPA docs that have referenced analyses that use the SC of GHG emissions.

We discussed this matter yesterday with a couple of colleagues - Christian Crowley and Adam Stern in DOI-OPA. We would be interested in a discussion, if you are available. However, if there is impending guidance, maybe we could hold a call after we are able to review. Would either of you know what the status might be on issuing such guidance?

Thank you,

--

Michael M. Ford

Economist

Bureau of Land Management

mmford@blm.gov

w: 202-912-7623

m: 202-774-8530

--

Mark Lawyer

Deputy Director - Policy and Regulatory Affairs
Executive Secretariat and Regulatory Affairs
Office of the Secretary
Department of the Interior

Email: mark_lawyer@ios.doi.gov

Voice: (202) 208-5257

Fax: (202) 219-2100

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Michael M. Ford

Economist

Bureau of Land Management

mmford@blm.gov

w: 202-912-7623

m: 202-774-8530