Climate Regulation

EPA Slashes Social Cost of Methane in Bid to Delay Oil and Gas Limits

By Abby Smith

The EPA slashed by 90 percent its estimate of the costs methane emissions impose on society and the climate as part of its bid to justify delaying Obama-era pollution standards for oil and gas drilling operations.

Tucked in an updated cost-benefit analysis on its plans to pause the methane regulation, the Environmental Protection Agency includes a recalculated value for the social cost of methane, which estimates the cost to society per ton of methane emissions in a given year.

The new value—in a range between $55 and $180 per ton of methane in 2020—will be used in regulatory analyses "until an improved estimate of the impacts of climate change to the U.S. can be developed based on the best available science and economics," the agency said. The Obama administration had set the cost of methane in a range between $625 to $1,852 per ton in 2020.

'Monkeyed With The Numbers'

The EPA was expected to soon release final rules pausing the methane rule, which would set the first-ever limits on emissions of the potent greenhouse gas from new oil and gas wells. The agency is instead requesting further comment on the proposed three-month and two-year delays, according to notices signed by EPA Administrator Scott Pruitt Nov. 1 but released Nov. 2.

Alongside those notices the agency released a cost-benefit analysis, dated Oct. 17, which includes estimates of cost savings and climate benefits that the rule would have provided. The EPA's original proposals to halt the standards had not included those climate benefits, Bethany Davis Noll, litigation director for New York University's Institute for Policy Integrity, said. Now, in the updated analysis, the agency "monkeyed with the numbers" by adjusting the social cost of methane value.

"They've changed the analysis" to exclude international benefits of addressing climate change, focusing only on domestic benefits, "which I think across the board scientists and economists don't agree with," Davis Noll told Bloomberg Environment.

The EPA's analysis reflects a third attempt by federal agencies to recalculate greenhouse gas costs used in regulatory analysis after President Donald Trump in March withdrew the Obama administration's value for the social costs of carbon and methane.

'Signal to the Courts'

Broadly, the EPA appears to be considering other options to legally justify pausing the methane rule while the agency reconsiders the regulation. In July, the EPA's first attempt to administratively delay the regulation was slapped down by the U.S. Court of Appeals for the District of Columbia Circuit, which ordered the agency to implement the rule.

“The data notice sends a signal to the courts that the EPA is seriously going to revisit the rulemaking, as opposed to just staying it indefinitely,” Neal Kirby, spokesman for the Independent Petroleum Association of America, told Bloomberg Environment in an email. The group represents small, independent oil and gas producers.

Other oil and gas groups declined to comment further.

In its Nov. 1 notice, the EPA floated other legal authorities to justify its proposed delay, mirroring options offered in the first round of comments by industry groups, including the American Petroleum Institute.

But Davis Noll said the EPA still hasn't “pointed to a provision of the Clean Air Act or anything else that authorizes” delaying the rule. “EPA doesn't have statutory authority to issue this stay. That problem remains.”

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