

April 23, 2020

**Before the Public Utilities Commission of the State of Colorado**

Proceeding No. 19R-009E

In the Matter of the Proposed Amendments to Rules Regulating Electric Utilities, 4 Code of Colorado Regulations 723-3, relating to Electric Resource Planning, the Renewable Energy Standard, Net Metering, Community Solar Gardens, Qualifying Facilities, and Interconnection Procedures and Standards

**Reply Comments from the Institute for Policy Integrity  
on the Interim Decision Proposing Additional Rule Revisions  
on the Social Cost of Greenhouse Gases**

The Institute for Policy Integrity at New York University School of Law<sup>1</sup> submits these reply comments on the Commission's additional rule revisions regarding the social cost of greenhouse gases. These comments build on, and incorporate, Policy Integrity's previous comments to the Commission on the social cost of greenhouse gases.<sup>2</sup> Policy Integrity is a non-partisan think tank dedicated to improving the quality of government decisionmaking through advocacy and scholarship in the fields of administrative law, economics, and public policy.

Public Service Company's comments made three suggestions regarding the social cost of carbon rules: (1) that applying the social cost of carbon to the non-energy benefits of beneficial electrification projects is somehow premature or redundant; (2) that applying the social cost of carbon during certificate of public convenience and necessity (CPNC) filings is somehow "duplicative" and "of little if any analytical value" if the social cost of carbon has already been considered during the electric resource planning (ERP) phase; and (3) that applying the social cost of carbon to transmission planning proceedings is "unnecessary" because such factors are already considered during the ERP process, and also is too complex to implement because "Transmission Planning models are essentially a snapshot in time."<sup>3</sup>

Public Service is wrong. In all these cases, either there will be new quantitative information about the emissions consequences of the proposed action—in which case it is appropriate, helpful, and easy to apply the social cost of carbon to monetize the climate effects of those emissions—or else there may be no new information about emissions from the proposed action, in which there is also no new burden in applying the social cost of carbon.

Take, for example, the argument that applying the social cost of carbon to CPNC filings is duplicative with the ERP phase. If the emissions associated with the projects at stake in the CPNC filings have not changed since the analysis conducted at the ERP phase, then there is no burden to the utility in including the same calculations again to monetize the climate effects of those quantified emissions. Providing this information again alongside any other costs and benefits discussed in the CPNC filings will give both decisionmakers and the public useful context for understanding the climate effects of the projects or actions under review. It is also possible that relevant changes may emerge between the ERP phase and the CPNC filings. If the emissions at stake have changed since the ERP phase, perhaps because of adjustments to the project design or the quantitative analysis, then reapplying the social cost of carbon to new estimates of quantified emissions is essential. It is also possible that the calculations of the social cost of carbon may have changed between the ERP phase and the CPNC filing. The Commission is proposing in its rules to revisit the social cost of carbon calculations every year, at least to update them for inflation, as well as to make any substantive changes consistent with the best available science and

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<sup>1</sup> No part of these comments purports to present the views, if any, of New York University. Note that while Policy Integrity is based at New York University, our legal director, Jason Schwartz, lives and works in Denver, Colorado.

<sup>2</sup> See especially Policy Integrity's October 21, 2019 Comments, [https://policyintegrity.org/documents/Colo\\_PUC\\_Additional\\_Revisions\\_on\\_SCC\\_Comments\\_2019.10.21-final.pdf](https://policyintegrity.org/documents/Colo_PUC_Additional_Revisions_on_SCC_Comments_2019.10.21-final.pdf) and March 29, 2019 Comments, [https://policyintegrity.org/documents/Electric\\_Rule\\_NOPR\\_Initial\\_Comments\\_on\\_SCC\\_2019.3.29.pdf](https://policyintegrity.org/documents/Electric_Rule_NOPR_Initial_Comments_on_SCC_2019.3.29.pdf).

<sup>3</sup> Public Service Co., Comments in Response to Decision No. C20-0207-I, at 4-8.

economics. If the social cost of carbon metrics have changed since the ERP phase, it will also be essential to then reapply them in the CPNC filings. Even if only to adjust the calculations for inflation, it is important that the monetized climate effects be presented in the same dollar-years as any other costs and benefits discussed in the CPNC filings. Thus, it will be either quite valuable, or else practically burden-less, to reapply the social cost of carbon to CPNC filings.

Similar logic applies in the two other contexts. For beneficial electrification projects, if there are emissions consequences quantified as part of the non-energy benefits, then applying the social cost of carbon is both easy and helpful; if there are no relevant emissions to monetize, then the Commission's proposed rule applying the social cost of carbon to non-energy benefits will impose no further burdens.

The same is true for transmission planning. It is unclear what Public Service means by suggesting that transmission planning models are "a snapshot in time" and so the social cost of carbon cannot apply. As Policy Integrity has explained before, the social cost of carbon is a methodology for monetizing the climate damages associated with a single additional ton of greenhouse gas emissions. If the transmission planning models reveal a change of as little as a single ton of carbon dioxide emitted in a single year, then the social cost of carbon can be easily applied. Only if it is not currently feasible to quantify any changes in emissions associated with transmission planning would the language on the social cost of carbon be currently inapplicable—and in that case, the proposed rule would also impose no burdens.

For those reasons, none of Public Service's redline changes on the social cost of carbon should be adopted.

Public Service also comments on the social cost of carbon calculations themselves, and implies that using the federal government's forecasted values would be preferable to an approach based on escalation rates. Western Resource Advocates (WRA) makes similar comments, and Policy Integrity has made similar comments in the past as well. If the Commission is open to revisiting its approach, Policy Integrity would again encourage the adoption of the federal Interagency Working Group's table of calculations as minimum values for the social cost of carbon through year 2050, with application of a growth rate to years after 2050.

Finally, Policy Integrity supports the suggestion from WRA and Sierra Club to clarify that the social cost of carbon should be considered in applications seeking approval to abandon or discontinue plants.

Sincerely,

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Institute for Policy Integrity