



July 6, 2021

To: Environmental Protection Agency

Re: Comments on the Proposed Phasedown of Hydrofluorocarbons: Establishing the Allowance Allocation and Trading Program under the American Innovation and Manufacturing Act, EPA-HQ-OAR-2021-0044

The Institute for Policy Integrity at New York University School of Law<sup>1</sup> submits these comments on the Environmental Protection Agency (EPA)'s Proposed Allowance Allocation and Trading Program under the American Innovation and Manufacturing Act. 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.

EPA's Draft Regulatory Impact Analysis finds the proposed rule will deliver large net social benefits, based on both significant cost savings and a new set of estimates of the social cost of hydrofluorocarbons.<sup>2</sup> Though EPA also presents in a sensitivity analysis estimates of the social cost of hydrofluorocarbons calculated indirectly by scaling up from the social cost of methane based on the pollutants' relative global warming potentials,<sup>3</sup> EPA now directly calculates the social cost of various hydrofluorocarbons (HFCs) by adapting the methodology used to calculate other greenhouse gases.<sup>4</sup> Specifically, EPA starts with the thoroughly-vetted methodology first developed to calculate the federal government's estimates of the social cost of carbon dioxide, and then makes the same two kinds of modifications developed previously to calculate the social cost of methane and the social cost of nitrous oxide: (1) adjusting the atmospheric gas cycle model to explicitly consider the additional radiative forcing from HFC emissions, and (2) projecting baseline HFC emissions past 2100.<sup>5</sup>

EPA's estimates reflect the best available science and economics and, for the reasons EPA details, are almost certainly underestimates of the full climate damages caused by HFCs.<sup>6</sup> Policy Integrity attaches and hereby incorporates its recent comments to the Interagency Working Group on the Social Cost of Greenhouse Gases, which provide further support for EPA's underlying methodology and its choice of inputs, including the focus on global climate damages and the rejection of a 7% discount rate as applied to climate effects.<sup>7</sup>

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<sup>1</sup> This document does not purport to present New York University School of Law's view, if any.

<sup>2</sup> EPA, Draft Regulatory Impact Analysis for Phasing Down Production and Consumption of Hydrofluorocarbons 8-17 (2021); *id.* at 10 ("Over the 15-year period of the phasedown of HFCs, the present value of cumulative abatement costs is -\$5 billion, or \$5 billion in savings and the present value of cumulative social benefits is \$103.6 billion, both at a 3 percent discount rate.").

<sup>3</sup> *Id.* at 91 (scaling from the social cost of methane rather than from the social cost of carbon to avoid discrepancies related to carbon fertilization effects).

<sup>4</sup> *Id.* at 78-79 (explaining direct calculation is more accurate than adjustments based on global warming potentials).

<sup>5</sup> *Id.* at 79-80.

<sup>6</sup> *Id.* at 85.

<sup>7</sup> *Id.* at 76-77.

EPA should work with the Interagency Working Group to bring these estimates of the social cost of HFCs into the same government-wide process for harmonizing and updating the other estimates of the social cost of greenhouse gases. If the Interagency Working Group updates its estimates of the social cost of greenhouse gases before this proposed rule is finalized, EPA should use appropriately updated figures in its final regulatory impact analysis.

Respectfully submitted,

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Attachments: Policy Integrity's Comments on the Social Cost of Greenhouse Gases (June 21, 2021),  
[https://policyintegrity.org/documents/Comments\\_to\\_Interagency\\_Working\\_Group\\_06.21.21.pdf](https://policyintegrity.org/documents/Comments_to_Interagency_Working_Group_06.21.21.pdf).