

My name is Trevar Kolodny, and I am a Visiting Fellow at The Heritage Foundation.

The proposed amendments to increase the stringency of California's Cap-and-Invest program will damage the economy of California and of other States.

While regulators, such as the California Air Resources Board, are required to implement the statutes enacted by their legislature, even when economically deleterious, they are also required to be honest and accurate in their economic Impact Assessments.

I am deeply concerned that the Regulatory Impact Assessment that CARB has published grievously understates the negative economic impact of this proposed regulation.

This is perhaps most egregious in the reliance on the so-called Social Cost of Carbon to find economic benefits ranging from \$28 to an astounding \$460 billion.

That range alone shows how unreliable this metric is.

There are three major problems that inflate the Social Cost of Carbon methodology.

- 1) First, the SCC number is predicated on an unreasonably long projection timeline. This figure is predicated on making assumptions 300 years into the future. Most businesses do not try to model more than 10 years into the future, and often less. To give an idea of how preposterous this timeline is, it would be the functional equivalent of a royal official in colonial America, purporting to predict with economic precision the impact that his decisions would have on the present day.
- 2) Second, Federal policy makers have a long history of inflating the SCC by using an artificially low discount rate. EPA's central 2 percent rate was lower than the 3 and 7% rates that OMB requires in every other Federal context.

3) Third and finally, the Social Cost of Carbon relies on unempirical, outdated projections of global warming, which have consistently proved greater than any warming actually observed.

These problems have been recognized by the U.S. Government. It is especially noteworthy the RIA at multiple points defers to EPA's estimate for the Social Cost of Carbon, given that as of May of last year, EPA no longer uses this measure.

Thank you for the opportunity to comment.