

## **EPA Proposed Rule – Benefit-Cost Analysis**

EPA published a proposed rule on June 11, 2020 that would enable the agency to develop a standard benefit-cost analysis (BCA) approach for while evaluating future significant CAA rules.

According to EPA, the goal of this proposal is to ensure that all future significant regulations promulgated under the Clean Air Act be accompanied by a BCA using the best available scientific information, in accordance with best practices from the economic, engineering, physical, and biological sciences, and ensuring transparency of the BCA.

The proposed rule consists of three components.

1. EPA will develop a BCA while proposing and finalizing significant CAA rules. These rules will be expected to have a large annual impact on the economy, would disproportionately affect an industry, group, or area; or those that are novel or relevant for other policy reasons. It would also allow the EPA administrator to designate rules that might otherwise not be covered as significant.
2. It stipulates that the BCA should be performed in accordance with best practices from economic, engineering, physical, and biological sciences. It references the Office of Management and Budget's guidance on regulatory analyses (Circular A-4) and EPA's internal BCA guidance ([Guidelines for Preparing Economic Analyses](#)).
3. It contains the most significant provisions of the proposed rule. According to EPA, BCAs should quantify and monetize all benefits and qualify those that cannot be quantified. This section describes how EPA should develop its baseline estimates considering the interaction of proposed and existing regulations. This component calls for EPA to not use co-benefits for making a regulatory decision. EPA also proposes to require a separate reporting of the public health and welfare benefits that are specific to the objective of the CAA provision under which the rule is promulgated.

In addition to these three main requirements, the proposal is soliciting comment on how EPA would take into consideration the results of a BCA in future rulemakings under specific provisions of the Clean Air Act, and how EPA should weigh the results of the BCA in future CAA regulatory decisions.

MWAQC previously commented on a related rule (proposed MATS Rule) in April 2019 where it expressed its concern over EPA not including the fine particulate (PM<sub>2.5</sub>) co-benefits resulting from the control of Mercury and other Hazardous Air Pollutants (HAPs) from coal- and oil-fired electric generating units. MWAQC was also concerned that this process could be used again in the future for reviewing criteria pollutants, such as ozone and indicated that the existing regulatory procedures, practices, and policies in this regard had worked well in the past and there was no reason to change them.

Last date for comments - July 27, 2020

Comment website - <https://www.regulations.gov/>, Docket ID No. EPA-HQ-OAR-2020-00044